



November 18, 2020

Dear PACT Partners,

We are excited to release the next round of sites for conversion through NYCHA’s **Permanent Affordability Commitment Together (PACT)** program as part of the PACT Round 9 Request for Expressions of Interest (RFEI). The properties included in this RFEI are some of the more physically distressed and difficult for NYCHA to manage sites in our portfolio. However, through PACT, we are confident that we will make long-lasting improvements to our residents’ health, prosperity, and quality of life.

With every round of sites, we work to improve the program by providing the holistic improvements that our residents deserve. Over the past year, NYCHA has reorganized, built out our team, learned from our prior experiences, and refined our approach to operationalize feedback from our stakeholders. We wanted to highlight some of the larger shifts to our approach that are detailed throughout this RFEI and share how we hope you will respond within your proposals:

- **Diversity** – The partners working to rehabilitate NYCHA’s campuses should reflect the diversity and strength of New York City. We are looking for partnerships that demonstrate a range of experience, background, and perspective to achieve the best outcomes for our residents. Within partnerships, teams should demonstrate that each member has a meaningful role and bears real responsibility to deliver the best outcomes for NYCHA’s residents. Within the construction and operational plans, teams should plan to hire a diverse range of subcontractors and provide a larger pool of New Yorkers with job opportunities, with a special focus on NYCHA residents.
- **Social Services** – A successful community is dependent on repaired physical infrastructure but thrives only when there is a strong network of support for its members. Social services and service coordination should be a priority demonstrated by every team once selected and continued through our long-term management partnership. Teams should be responsive to the needs of the community and propose effective services to support residents and correct decades of disinvestment and inequity – like providing residents with broadband internet and access to credit-building opportunities. Teams should plan to fund services and resident programming at these sites as they would any other critical component of property operations.
- **Sustainability** – New York City and its larger ecosystem face grave threats from the challenges posed by climate change. These threats are even more acutely felt in low-income communities. It must be a priority to bring NYCHA into a new era of deep decarbonization and responsible resource management through these rehabilitation projects. We have bolstered our requirements but encourage you to also propose new ideas. If proposals go beyond the provided scope, teams should demonstrate the cost so we can evaluate the benefits of the proposed improvements.

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- **Urban Design** – Every NYCHA campus is a critical part of the urban fabric of New York City, and we want to make sure that our campuses encourage connectivity to enrich the lives of residents and the surrounding community. NYCHA has worked closely with the Department of City Planning to provide guidance on enhancing the connectivity between NYCHA and its neighbors. Partners should consider the Connected Communities Guidebook and propose ambitious interventions that make the public realm feel vibrant, safe, accessible, and enjoyable. If proposals go beyond the provided scope, teams should specifically demonstrate the cost so we can evaluate the benefits of the proposed improvements.
- **COVID-19 Response** – We are all living in a new reality as a result of the COVID-19 public health crisis, including NYCHA residents. As the critical repairs needed by NYCHA residents have increased through this crisis, we must move forward while taking extra precautions to ensure that resident health and safety is always prioritized. We appreciate your cooperation, understanding, and flexibility as we revise our approach to meet these priorities.
- **Resident Engagement** – Resident engagement is a critical component of a successful PACT conversion. We are asking our partners to submit robust resident engagement plans that demonstrate their ability to clearly and consistently share project updates and solicit resident input. Teams will be expected to use resident feedback to influence the project program and design. Engagement plans should outline creative approaches to reach residents that prioritize health and safety. As such, plans should present a variety of formats and media to reach the widest spectrum of residents possible, including those with limited access to internet.

More broadly, we want to reiterate that we appreciate your participation as PACT partners, and that our shared goal of leveraging all available resources to meet the needs of NYCHA residents should be the focus of every proposal. We want to remind everyone that this is first and foremost a partnership with NYCHA. NYCHA will continue to own the land and buildings, administer the Section 8 subsidy and waitlist, and monitor conditions at the developments. Where needed, NYCHA will step in to resolve any issues that may arise between residents and the property management team. NYCHA will play an active ongoing role in these conversions from construction through operation.

Following your review of the RFEI, you can find more information or ask questions that arise by reaching out to NYCHA at (PACT.Partners@nycha.nyc.gov) or by following the protocol within the RFEI.

We look forward to reviewing your proposals and working in partnership with you through this process.

Sincerely,



Jonathan Gouveia
NYCHA's Executive Vice President for Real Estate Development

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NYCHA PACT Round 9

NYCHA 2.0 Permanent Affordability Commitment Together (PACT)
Rental Assistance Demonstration (RAD) and Section 18 Properties in the Bronx,
Brooklyn, and Manhattan

Event	Date	Time
RFEI Release	November 18, 2020	
First Pre-Submission Conference	November 24, 2020	12:00 PM
Second Pre-Submission Conference	December 2, 2020	12:00 PM
Questions Due (First Question Round)	December 3, 2020	5:00 PM
Responses to First Question Round Posted	December 9, 2020	
Project Preference Ranking Forms Due	December 16, 2020	5:00 PM
Project Preference Ranking Results Announced	December 21, 2020	
Site Visits	January 5, 2021	
Questions Due (Second Question Round)	January 8, 2021	5:00 PM
Responses to Second Question Round Posted	January 15, 2021	
Proposal Submission Deadline	February 18, 2021	5:00 PM

Bill de Blasio – Mayor

Vicki Been – Deputy Mayor for Housing and Economic Development

Gregory Russ – Chair & Chief Executive Officer

Vito Mustaciuolo – General Manager

Prepared by:

REAL ESTATE DEVELOPMENT DEPARTMENT
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¹ Drawings and other info provided are to be used solely for the purposes of responding to this RFEI.

I. INTRODUCTION

A. NYCHA 2.0 – Permanent Affordability Commitment Together (“PACT”)

In December 2018, the Mayor’s Office and the New York City Housing Authority (“NYCHA” or the “Authority”) released *NYCHA 2.0*, a comprehensive plan to preserve public housing. This 10-year plan is expected to bring \$24 billion in vital repairs to New York City’s aging public housing and ensure residents have the safe, decent, and affordable homes they deserve.

An important strategy outlined in the NYCHA 2.0 plan is to leverage programs of the U.S. Department of Housing and Urban Development (“HUD”) to preserve existing public housing stock via NYCHA’s preservation initiative called “PACT” – Permanent Affordability Commitment Together. Under PACT, NYCHA will enter into public-private partnerships that will make major improvements to its public housing developments while preserving long-term affordability and maintaining strong resident rights in line with public housing protections. NYCHA 2.0 established the PACT goal to convert at least 62,000 public housing units to Section 8 by the end of 2028.

PACT calls for the preservation and rehabilitation of public housing developments using multiple methods to convert subsidy to Section 8: (i) HUD’s Rental Assistance Demonstration (“RAD”) program, (ii) disposition under Section 18 of the U.S. Housing Act of 1937, as amended (“Section 18”), and (iii) retention outside of the public housing program pursuant to 2 CFR Part 200 (“Part 200”) for NYCHA’s City & State Developments.² To date, NYCHA has leveraged these HUD tools to convert approximately 7,800 units across 30 developments.

The New York City Housing Development Corporation (“HDC”), New York City’s municipal Housing Finance Agency, will coordinate or provide senior, and in some cases, subordinate, construction and/or permanent loan financing funded by, but not limited to, taxable or (non-volume cap) tax-exempt bonds issued through HDC’s Multi-Family Housing Bond Resolution (the “Open Resolution”) or the newly created Housing Impact Bond Resolution (the “Impact Resolution”), a bond resolution created solely to facilitate NYCHA transactions.

Below is more detailed information about each conversion mechanism under PACT.

² None of the projects in this RFEI will convert to Section 8 through Part 200.

B. Conversion Methods³

Rental Assistance Demonstration (RAD)

RAD is an innovative HUD tool to preserve public housing and address capital needs. Under RAD, public housing authorities like NYCHA convert the funding source that supports a development from public housing subsidy (Section 9) to Section 8 subsidy, enabling NYCHA and its development partners to leverage private debt and equity to complete repairs. Ongoing federal funding levels do not decrease, and in many cases increase. More information about RAD is available at: <https://www.hud.gov/rad/>.

Section 18 and Tenant Protection Vouchers (TPVs)

NYCHA uses the Section 18 disposition process to apply for Tenant Protection Vouchers (“TPVs”). This disposition method allows housing authorities to request higher levels of federal subsidy from HUD. Doing so enables NYCHA and its development partners to leverage more private debt and equity, which better funds repairs in many of NYCHA’s highest-need developments (i.e., those that meet the federal cost obsolescence criteria). More information about Section 18 is available at:

https://www.hud.gov/program_offices/public_indian_housing/centers/sac/demo_dispo.

C. Procurement Overview

In January 2020, NYCHA released RFQ #94802 for developers, property managers, and general contractors (respectively, “Developer(s)”, “Property Managers”, and “General Contractor(s)” as defined in the RFQs) and RFQ #94803 for social service providers (“Social Service Providers”) (together with RFQ #94802, collectively, the “RFQs”) to pre-qualify Developers, Property Managers, General Contractors, and Social Service Providers to partner with NYCHA in converting and rehabbing NYCHA public housing units through the PACT program (such Developers, Property Managers, General Contractors and/or Social Service Providers, collectively, “Pre-Qualified Partners”). The RFQs included thresholds for Developers, Property Managers, and General Contractors to identify the Pre-Qualified Partners as either Small-Scale Partners or Large-Scale Partners based on their relevant experience.

In February 2020, NYCHA published a list (“Pre-Qualified Partner List”) of Pre-Qualified Large- and Small-Scale Partners, as well as Social Service Providers based on entities’ responses to the RFQs. The published Pre-Qualified Partner List can be found on NYCHA’s PACT website

³ Limited to conversion methods relevant to this RFEI.

<https://www1.nyc.gov/site/nycha/about/pact/procurement.page>. Pre-Qualification RFQs will be re-released in the first quarter of each calendar year to allow existing Pre-Qualified Partners to update their information and for new applicants to submit their Pre-Qualification Applications. ***Pre-Qualified Partners must re-apply to each annual Pre-Qualification RFQ with updated materials in order to remain on the Pre-Qualified Partner List.***

NYCHA is seeking proposals (collectively, the “Proposals”, each, a “Proposal”) in response to this Request for Expressions of Interest (inclusive of all appendices attached hereto, this “RFEI”) from applicants consisting of a Project Team comprised of Pre-Qualified Partners (“Applicants”) for tenant-in-place rehabilitation (and financing thereof), on-going property management, and conversion of distinct projects (“Projects”) consisting of multiple public housing developments (each development, a “Property,” and collectively, the “Properties”) from the public housing program under Section 9 of the U.S. Housing Act of 1937, as amended (the “Act”) to a voucher platform under Section 8 of the Act pursuant to RAD and Section 18. Each Project consists of one or more Properties and each Project may utilize one or more conversion mechanisms.

II. DEFINITIONS

All terms, unless defined otherwise in this RFEI, are as defined in the RAD Notice. Terms not defined elsewhere are defined as follows:

Act

The United States Housing Act of 1937, as amended.

Conditional Designation Letter

The preliminary agreement NYCHA will execute with the Designated Project Teams to govern the negotiation of the terms for each Project.

Deep Energy Retrofit

Approach to rehabilitation that entails a whole-building analysis and a construction process that aims at achieving on-site energy use reduction by 50% or more compared to the baseline energy use (calculated using utility bills analysis).

Designated Project Teams

The Applicants selected under this RFEI to enter into negotiations with NYCHA and HDC to undertake one of the Projects that are part of this RFEI.

Eligible Applicants

Applicants who are eligible to submit a Proposal for one, or in select cases, more of the Projects based on the results of the Project Preference Ranking Process.

NYCHA Physical Needs Assessment (“NYCHA PNA”)

A technical report commissioned by NYCHA detailing the physical needs of a public housing development following a HUD-specified methodology. This report analyzes the annual physical needs over twenty (20) years; NYCHA focuses on the five (5) year and twenty (20) year physical needs to inform the appropriate rehabilitation scope of work for all PACT conversions. The 2017 NYCHA PNAs for the Properties are available at:

https://www1.nyc.gov/assets/nycha/downloads/pdf/2017%20PNA_Development.pdf.

A detailed breakout of the 20-year physical needs for each Project based on the NYCHA PNA technical reports is included as Exhibit A.

Obsolescence Report

A HUD approved third-party report detailing the immediate (3-year) capital repair needs of a development’s existing components.

HUD Obsolescence Requirement for Section 18

In order to qualify for Obsolescence (“Obsolescence”), the cost estimate of addressing the immediate capital repair needs must be equal to or greater than 57.14% of the Total Development Cost (“TDC”) for non-elevator buildings, and 62.5% for elevator buildings, subject to further updates from HUD. More information about HUD’s TDC calculations, including procedures HUD uses for establishing TDC limits and procedures for the annual posting of TDC limits on HUD's webpages, can be found in PIH Notice 2011-38. See also HUD's TDC Limits Workbook and TDC costs limits from 2019.

PILOT Agreement

The agreement between the City of New York (the “City”) and NYCHA for payment in lieu of taxes (“PILOT”) on the Properties.

Principal

An individual, partnership, limited liability company, limited liability partnership, corporation, or other not-for-profit or for-profit entity that will act as the general partner, officer, manager, and/or managing member of the Applicant, or any entity, limited partner, shareholder, or other member that has at least a 10% ownership interest in the Applicant.

Project

The financing, tenant-in-place rehabilitation, property management, and social services delivery in relation to the conversion of units at one or more Properties comprising a Project from administration pursuant to Section 9 of the Act to Section 8 of the Act (as may be implemented through a combination of RAD and Section 18) comprising a single transaction.

Properties

NYCHA's public housing developments comprising the Projects for the purposes of this RFEI.

Proposed Rehabilitation Scope of Work

The Applicant's proposal to physically upgrade the Properties must address the 20-year capital needs of the Properties as determined by the NYCHA PNA, which is detailed in the Scope of Work Template (the "SOW Template") Exhibit A. NYCHA is currently performing further site due diligence to understand if campuses meet the federal obsolescence criteria, and therefore are eligible for conversion to Section 8 through the Section 18 process. NYCHA will also provide a RAD Capital Needs Assessment (defined below) following the issuance of this RFEI to supplement this analysis and may also provide an Obsolescence Report to further inform the Proposed Rehabilitation Scope of Work in the event that Section 18 disposition is pursued. Additional Scope of Work information can be found under Proposed Rehabilitation Scopes of Work in Section III(B).

Rental Assistance Demonstration (RAD)

The HUD Rental Assistance Demonstration program authorized by and administered pursuant to the RAD Notice (as defined below), and such other notices and guidance issued by HUD in relation thereto, all as may be amended or superseded from time to time.

For Properties converting through RAD: Section 3.A.3.c of the Section 18 Notice allows NYCHA to convert at least 75% of the public housing units within a Property to Section 8 under RAD by meeting certain requirements (as outlined in Section 3.A.3.c. of the Section 18 Notice), and to request HUD approval to convey the remaining 25% of public housing units under Section 18 and apply for TPVs for those remaining units. When applying this structure, rehabilitation costs for the units converting under Section 18 must be at least 60% of the HUD-published HCC, found at https://www.hud.gov/sites/dfiles/PIH/documents/TDCs_2020.pdf.

RAD Capital Needs Assessment (RAD CNA or rCNA)

As required under the RAD Notice, a HUD-approved consultant will conduct a detailed physical inspection of a property to determine critical repair needs, short- and long-term rehabilitation needs, market comparable improvements, energy efficiency, unmet physical accessibility requirements, and environmental concerns, including lead-based paint. Critical repairs are work

that, in HUD's determination, address imminent life, health, and safety threats to residents and must be completed to allow the affected units to be occupied.

RAD Fair Housing and Relocation Notice

HUD Notice H 2016-17, PIH 2016-17 (HA), Rental Assistance Demonstration (RAD) Notice Regarding Fair Housing and Civil Rights Requirements and Relocation Requirements Applicable to RAD First Component – Public Housing Conversions, found at:

http://www.radresource.net/sources/public/RAD%20Relocation%20Notice_11.10.16.pdf.

RAD Notice

HUD Notice H-2019-09 PIH-2019-23 (HA), Rental Assistance Demonstration – Final Implementation, Revision 4, issued on September 5, 2019, as may further be amended, and found at:

https://www.hud.gov/sites/dfiles/Housing/documents/H-2019-09-PIH-2019-23_RAD_Notice%20Rev4_20190905.pdf.

Section 18 Notice

Section 18 of the Housing Act of 1937, as amended, allows for the demolition and disposition of public housing property. HUD has promulgated regulations in 24 C.F.R. Part 970 detailing the administrative steps required for its approval of any demolition or disposition activity affecting covered public housing properties. The Section 18 regulations may be found at: https://www.hud.gov/sites/documents/DOC_8090.PDF. Section 18 is also administered pursuant to additional HUD guidance including, but not limited to, the Section 18 Notice (PIH Notice 2018-04, found at <https://www.hud.gov/sites/dfiles/PIH/documents/PIH-2018-04-Demo-Dispo-Notice-12-14-18.pdf>).

III. PROJECT SUMMARY AND PROCESS OVERVIEW

The initial release of this RFEI covers seventeen (17) Properties grouped into three (3) Projects with a combined total of 4,401 units. NYCHA and HDC anticipate conversion of the units to Section 8 through a combination of HUD's RAD and Section 18 programs. Applicants should refer to the universal Underwriting Guidelines that apply to all Projects, as well as the Rental Pro Forma Template (Exhibit F) specifically tailored to each Project.

A. Projects

Edenwald Project: Edenwald (the “*Edenwald*” project)

Edenwald	Units	5 Yr NYCHA PNA
Edenwald	2,039	\$444,701,724
Total	2,039	\$444,701,724

Reid Apartments Consolidation and Park Rock Consolidation Project: 104-14 Tapscott Street, Fenimore-Lefferts, Lenox Road-Rockaway Parkway, Ralph Avenue Rehab, Reid Apartments, Rutland Towers, Sutter Avenue-Union Street, Tapscott Street Rehab (collectively, the “*Reid Apartments Consolidation and Park Rock Consolidation*” Project)

Reid Apartments Consolidation and Park Rock Consolidation	Units	5 Yr NYCHA PNA
104-14 Tapscott St	30	\$7,616,887
Fenimore-Lefferts	36	\$10,996,003
Lenox Road-Rockaway Parkway	74	\$13,977,301
Ralph Avenue Rehab	118	\$20,312,067
Reid Apartments	230	\$33,806,830
Rutland Towers	61	\$12,903,138
Sutter Avenue-Union Street	100	\$29,445,479
Tapscott Street Rehab	155	\$31,498,265
Crown Heights	121	\$30,794,829
Howard Avenue	150	\$18,490,950
Howard Avenue-Park Place	156	\$37,316,735
Ocean Hill-Brownsville	125	\$18,890,541
Park Rock Rehab	134	\$30,388,576
Sterling Place Rehabs (Saint Johns-Sterling)	83	\$31,525,820
Sterling Place Rehabs (Sterling-Buffalo)	125	\$29,098,265
Total	1,698	\$357,061,686

All of the Reid Apartments Consolidation and Park Rock Consolidation developments are in an Opportunity Zone. See Section IV(F)(8) of this RFEI for additional information and requirements.

Samuel City Project: Frederick E. Samuel (City) (the “*Samuel (City)*” Project)

Samuel (City)	Units	5 Yr NYCHA PNA
Samuel (City)	664	\$261,538,116
Total	664	\$261,538,116

A portion of Samuel (City) is in an Opportunity Zone. See Section IV(F)(8) of this RFEI for additional information and requirements.

Samuel (City) is in NYCHA’s “LLC I” portfolio. See “LLC I Disposition” section below for relevant information.

Please refer to Exhibit B for property profiles containing supplemental information for each Property.

B. Section 8 Conversion Process

Blended Section 18-RAD Disposition

Applicants must prepare and submit Proposals assuming a blended “Section 18-RAD Disposition”, with 90% of units converting via Section 18 and 10% of units converting via RAD. NYCHA reserves the right to ask Applicants to underwrite additional scenarios prior to designation.

Properties in this RFEI are expected to meet HUD’s Obsolescence requirement for Section 18.⁴ However, the 90%/10% blend assumption enables (1) the RAD resident protections to be provided to all units in a Project, while also (2) maximizing the higher rent levels available through Section 18 conversions.⁵

LLC I Disposition

For Properties that are in NYCHA’s “LLC I” portfolio (for this RFEI, this is only Samuel (City)), it will be necessary to buy-out the existing interest of the tax credit investors in the Property simultaneously with the project closing. The purchase price for such buy-out, an amount to be determined, will be included in the transaction costs for the conversion.

⁴ Please note that Properties in future RFEIs may not meet HUD’s Obsolescence requirement for Section 18, and will be required to convert via RAD.

⁵ Section 18 rents are underwritten based on the traditional project-based Section 8 formula, up to the payment standard of 110% of Fair Market Rent (as determined by HUD), subject to rent reasonableness.

Additional HUD Requirements

HUD may require, and NYCHA may pursue, a recalculation of rent levels to meet HUD requirements and maintain the financial strength and long-term stability of each Property in the Projects.

Proposed Rehabilitation Scope of Work

Applicants are required to physically upgrade the Properties and fully address all work identified in NYCHA's 20-year PNA as detailed in Exhibit A. The Proposed Rehabilitation Scope of Work must be documented fully in both narrative format Tab C– Rehabilitation Proposal and Scope of Work Template Exhibit A. Each development-specific Scope of Work Template Exhibit A includes the in-kind repair and replacement needs determined by a sampled survey of existing conditions completed for the 2017 PNA. Applicants are required to propose quantities, materials, and methods for each component included in the Template and insert additional scope items as identified below. Notation in the Description of Scope of Work (Materials & Methods) column must also identify deviations of quantity, materials, or methods from the base condition.

Applicants will be required to review the RAD CNA and Obsolescence Reports (forthcoming addenda to Exhibit A) to ensure that each item identified in the RAD CNA and Obsolescence Report is recorded in their Exhibit A submission. Applicants are required to utilize Exhibit A to reconcile any differences between the RAD CNA and Obsolescence Report and the NYCHA PNA scope of work items, providing a justification for any proposed variance in work types or quantities. Any work identified in the RAD CNA or Obsolescence Report that is not currently included in Exhibit A must be manually recorded into Exhibit A as described in the Exhibit A Instructions Tab. Applicants must identify all upgrades related to the following as Additional Scope of Work Items ("Additional Scope of Work Items") in Exhibit A as described in the Instructions Tab: site and landscape, façade and exterior work, common spaces, Section 504, security and lighting, Energy, Health and Sustainability requirements, abatement of lead, mold, asbestos, or other hazardous conditions.

The proposed rehabilitation should respond to the NYCHA Climate Mitigation Roadmap, mandated greenhouse gas reduction targets, documented physical needs, resident preferences and priorities, and the guidelines described in the NYCHA Preservation Design Guidelines and the Connected Communities Guidebook.

NYCHA Climate Mitigation Roadmap:

<https://www1.nyc.gov/assets/nycha/downloads/pdf/NYCHA-LL97-Whitepaper.pdf>

NYCHA Preservation Design Guidelines:

<https://www1.nyc.gov/site/nycha/about/departments/cpd-design-standards.page>

Connected Communities Guidebook:

<https://www1.nyc.gov/assets/nycha/downloads/pdf/Connected-Communities-Guidebook.pdf>

Applicants may be required to complete additional forms to be provided by NYCHA to demonstrate that the Proposed Rehabilitation Scope of Work (1) fully addresses the 20-year capital needs of the Properties as noted in the RAD CNA and Obsolescence Report, (2) fully addresses the specific items identified in the NYCHA PNA, and if necessary, (3) demonstrates that the Proposed Rehabilitation Scope of Work addresses items in the Obsolescence Report to justify the use of the Section 18 disposition method, as applicable. Designated Project Teams will be provided supplemental forms and templates to be completed prior to financial closing and may be required to perform additional assessments and include additional capital repairs to ensure all HUD, NYCHA, and HDC requirements are met.

Project Financing

HDC will be the primary underwriter and lender for this Project. HDC will coordinate or provide senior, and in some cases, subordinate, construction and/or permanent loan financing funded by, but not limited to, taxable or (non-volume cap) tax-exempt bonds issued through the Open Resolution and/or the Impact Resolution. Any HDC subordinate loans shall be funded by City capital, if available. NYCHA and HDC welcome creative financial structures, including but not limited to utilizing Historic Tax Credits, PILOT bonds, energy performance related financing, Opportunity Zone funding, as applicable, and 501c3 bonds. HDC will ultimately determine the financing structure after each Project Team is designated.

Environmental Review Requirements

The environmental review process provides a means for public agencies to systematically review proposed discretionary actions for the purpose of identifying the effects those actions may have on the environment. Pursuant to 24 CFR Part 58, HUD environmental review and signoff for NYCHA actions is delegated to a local agency that acts as the “Responsible Entity” for National Environmental Policy Act (“NEPA”) review. The New York City Department of Housing Preservation and Development (“HPD”) serves as the Responsible Entity for NYCHA’s NEPA environmental reviews. NYCHA is a New York State public-benefit corporation; therefore, NYCHA’s disposition action is also subject to State Environmental Quality Review Act (“SEQRA.”) In addition, the issuance of construction funding from a New York City agency (HPD, HDC) are discretionary actions subject to City Environmental Quality Review (“CEQR”).

Applicants should also familiarize themselves with the environmental review requirements applicable for RAD projects, which can be found at:

<https://files.hudexchange.info/resources/documents/Environmental-Review-Requirements-for-RAD-Transactions.pdf>

IV. PROJECT REQUIREMENTS

A. Mold and Lead Requirements

Mold Requirements

PACT transactions are subject to moisture control, mold growth prevention, and mold remediation for PACT properties and will require the evaluation of mold and moisture sources. Among other things, the Designated Project Teams will prevent reoccurrences of mold in resident reported instances. It will be essential for the Designated Project Teams to identify mold and moisture to correct the underlying cause of water intrusion or condensation accurately. Designated Project Teams will conduct comprehensive randomized unit inspections as part of the REDD pre-development process to identify mold and moisture. Exhibit S provides the most current guidance for moisture control, mold growth prevention, and remediation for PACT properties. The Designated Project Teams must execute mold and moisture evaluation, as well as monitoring and prevention in the PACT Mold Operations and Maintenance (O&M) Plans, as per Exhibit S, for consistency with the NYCHA procedures and compliance with the HUD Agreement, and the Baez Consent Decree.

Lead-Based Paint Abatement

The Designated Project Teams are required to comply with all applicable federal, state, and local laws concerning lead-based paint including Local Law 1, federal regulations at 24 CFR Part 35 and 40 CFR Part 745. Further detail on these requirements can be cited in the Lead Procedures and Requirements (Exhibit R).

In addition, HUD and NYCHA entered into an Agreement on January 31, 2019 (the “HUD Agreement”). The HUD Agreement establishes a framework by which NYCHA will continue to evaluate and make progress towards compliance with federal requirements, including amongst other things, compliance with lead-based paint abatement regulations. During the term of the HUD Agreement, an independent monitor will be in place with access to NYCHA information and personnel and will issue quarterly reports on NYCHA’s compliance with the HUD Agreement.

The Designated Project Teams must:

1. Conduct paint testing and risk assessment according to the random sampling requirements of the multi-family protocol defined by HUD.
2. Abate all lead-based paint identified by the paint inspection during the construction period even if it does not meet the definition of a lead-based paint hazard. Appropriate methods of abatement will be reported by a certified individual(s) in the risk assessment, abatement and O&M reports and may be subject to change until NYCHA issues the final approval.
3. Implement safe work practices during rehabilitation work in accordance with all applicable HUD and EPA regulations.
4. Following abatement, the Designated Project Team shall provide NYCHA a clearance report pursuant to 24 C.F.R. § 35.1340(c).
5. The Designated Project Team must establish an electronic disclosure portal for residents to access all materials required to be disclosed by the Lead Disclosure Rule.

If a Project requires abatement of lead-based paint, Applicants must account for the cost of abatement in the Proposed Rehabilitation Scope of Work and may not defer abatement or pay for abatement through replacement reserves. Prior to closing the financing of the Projects, after selection of a Designated Project Team, NYCHA will provide the Designated Project Team with existing and ongoing lead-based paint test results as available. Additional lead-based paint abatement requirements may be imposed by NYCHA. Any and all notification requirements resulting from lead-based paint testing or abatement under federal, state, or local laws shall be the sole responsibility of the Project Team(s). The Designated Project Team shall provide NYCHA with all documents regarding abatement activities, including records, reports, testing results, contractor and worker certifications, notices, filings, occupant protection plans, abatement reports, and any other project-related documents.

NYCHA shall have a right to observe all abatement activities, including any pre- and post-abatement activities, and, upon request, review all project documentation. NYCHA shall notify the Designated Project Team in writing of any deficiencies regarding compliance with this paragraph and any applicable legal requirements to abatement activities, and shall specify a period of time in which the Designated Project Team must correct such deficiencies, or provide adequate documentation, to the satisfaction of NYCHA, of compliance with the requirements of this paragraph and all applicable legal requirements.

Following abatement, the Designated Project Team will agree to provide to NYCHA a clearance report pursuant to 24 C.F.R § 35.1340(c) in an electronic format specified by NYCHA and within 5

businesses days after receipt of each clearance report. The Designated Project Team must provide all clearance reports to NYCHA, including clearance reports indicating failed clearance.

A link to the HUD Agreement with NYCHA can be located at:

<https://www.hud.gov/sites/dfiles/PA/documents/HUD-NYCHA-Agreement013119.pdf>

B. General Requirements

- 1. Resident Rights and Protections:** The Designated Project Teams will be required to comply with and operate the Properties in accordance with:
 - a. NYCHA's Section 8 PBV tenant protection regulations, as may be updated by NYCHA from time to time;
 - b. The RAD resident protections as described in the RAD Notice and listed in Exhibit M;
 - c. The New York City RAD Roundtable Guiding Principles as listed in Exhibit N; and,
 - d. NYCHA's grievance procedures as listed in Exhibit O.

- 2. Fair Housing Requirements:** The Designated Project Teams will be required to comply with the RAD Notice, the RAD Fair Housing and Relocation Notice, all applicable Federal, State, and local laws, orders, and regulations prohibiting housing discrimination.

- 3. Schedule:** The Designated Project Teams must achieve construction closing on the Project by the timeline established in the Conditional Designation Letter. The Designated Project Teams will be responsible for the timely commencement and completion of the Project, will be held accountable to the schedules outlined in their Proposal and agreed upon with NYCHA, and will be required to submit ongoing status reports both during predevelopment and after construction closing.

- 4. Tenant-In-Place Rehabilitation:** The Designated Project Teams will be responsible for:
 - a. Inspecting every unit of every Property in the Project prior to construction closing to inform the Proposed Rehabilitation Scope of Work;
 - b. Developing the Proposed Rehabilitation Scope of Work to be responsive to resident input and inspection results, and to fully address the NYCHA PNA, RAD CNA, and Obsolescence Report (as applicable) for each Property; and
 - c. Completing all rehabilitation work with tenants in place to minimize disruption to residents' lives.

The Designated Project Teams will be required to submit a tenant protection plan (the “Tenant Protection Plan”), as required by NYC DOB, that details any temporary resident relocations to address pertinent health issues, especially those of senior residents, that may arise during construction. To the extent in-place rehabilitation cannot be accomplished, temporary resident relocation will be the responsibility of the Designated Project Teams, including, without limitation, obtaining any necessary service providers to facilitate temporary relocation and covering all associated costs. Any temporary relocation will be within a reasonable proximity to the resident’s Property and will be subject to NYCHA’s approval and be in accordance with all applicable legal requirements.

5. **Pre-Closing Work:** Under current HUD guidance applicable to NYCHA, the 25% of units converting through Section 18 in Properties converting primarily through RAD, and all units in the Section 18 only Properties, cannot be added to a HAP Contract until they pass an HQS inspection. As such, the Designated Project Teams will complete the following pre-closing work related to HQS:
 - a. Inspect units for HQS compliance;
 - b. Perform needed repair work in units that are out of HQS compliance in accordance with Davis-Bacon and HUD prevailing wage requirements (with the exception of any units on an existing HAP contract within the Samuel (City) Project).

The anticipated scope of work for the HQS repairs is not currently available, but Applicants should assume that the cost of this HQS repair work will be between approximately \$3,000-\$5,000 per dwelling unit.

6. **Violations:** The Designated Project Teams will work with NYCHA to clear all existing health and safety violations as found on City records or municipal searches prior to construction closing. Violations that do not relate to health and safety and which cannot be cleared prior to construction closing must be addressed in the Designated Project Teams’ rehabilitation scope of work.
7. **Property Management:** The Designated Project Teams must dedicate adequate property management staff to each Property in the Project, ensuring that service levels are not reduced in smaller buildings within the Project. The Designated Project Teams will be responsible for:
 - a. The effective and efficient day-to-day operation of each Property;
 - b. Completing all applicable tasks or actions related to resident conversion from public housing to Section 8 that remain outstanding at construction closing;

- c. Meeting obligations for building maintenance, financial liabilities, and income and rental guidelines as defined in federal, state, and municipal regulatory documents;
- d. Ensuring that the distribution of superintendent units is in line with applicable code and provides adequate coverage for all units in each Property;
- e. Managing the buildings to ensure continuous HQS compliance;
- f. Promptly responding to maintenance work order requests and resident complaints about the building's physical condition;
- g. Working with NYCHA's Leased Housing Department ("LHD") to lease all vacant apartments as they become available from a project-based site-based wait list;
- h. Working with LHD to right-size families living in an inappropriate-sized apartment per the Section 8 PBV standards, but based on NYCHA's public housing occupancy standards for existing residents in place at construction closing;
- i. Recognizing and working with the legitimate resident organizations at each Property to address issues related to the Property, including the terms and conditions of residents' tenancy (see sections beginning on pg. 132 of the RAD Notice for more information);
- j. Including Tenant Participation Activity ("TPA") funds in their maintenance and operation budget at \$25 per occupied unit per year, of which at least \$15 per occupied unit per year shall be provided to the legitimate resident organization at the Properties;
- k. Maintaining detailed rent rolls, financial statements, and other required documents in accordance with NYCHA, HUD, HDC, the New York City Department of Housing Preservation and Development ("HPD") (if applicable), the New York State Housing Finance Agency ("HFA") (if applicable), and/or as may otherwise be required by project financing;
- l. Maintaining Section 8 and RAD compliance in accordance with NYCHA, HUD, HDC or HFA, and/or as may otherwise be required by project financing; and,
- m. To offer a pathway for tenants to bolster their credit through paying rent as described in Section 22 below.

8. Shared Infrastructure: NYCHA developments sometimes share common infrastructure for heating and hot water or waste management, for example. The Designated Project Teams will be required to provide unconditional access to NYCHA, its staff, agents, and contractors to any shared infrastructure hosted at the Properties. At NYCHA's sole discretion, the Designated Project Teams may at its sole cost relocate the shared infrastructure to a NYCHA-managed property prior to construction closing.

9. Resident Rent Arrears and Legal Cases: The Designated Project Teams will purchase the resident rent arrears from NYCHA at construction closing for a predetermined price set by NYCHA and assume all existing resident legal cases via substitution of counsel.

10. Community Facilities: Any community center or other community facility space included in the Project must be renovated, maintained, and operated, as applicable, as part of the Project. The Designated Project Teams will be responsible for the upfront capital repairs on the community facility spaces, which should be included in the Proposed Rehabilitation Scope of Work.

Any existing community facility and/or non-profit leases will be assigned to the Designated Project Team at construction closing. If any community facilities are operating in a space at the Project under an expired lease or no lease, the Designated Project Team must enter into a lease with such operator on a lease template provided by NYCHA or HDC, the final terms of which are subject to NYCHA and HDC approval. After construction closing and for the duration of the Designated Project Team's involvement in the Project, if there are new community facility operators and/or non-profits that receive public funding for operation at the Project, the Designated Project Team must offer them a lease on a lease template provided by NYCHA or HDC, the final terms of which are subject to NYCHA and HDC approval.

11. Retail and Commercial Spaces: Any retail or other commercial tenant space included in the project must be renovated, maintained, and operated, as applicable, as part of the Project. The Designated Project Teams will be responsible for the upfront capital repairs on the retail and/or commercial spaces, which should be included in the Proposed Rehabilitation Scope of Work. Any existing retail and/or commercial leases will be assigned to the Designated Project Teams at construction closing. In advance of signing any new retail and/or commercial lease for vacant or vacated space, the Developer will be responsible for pursuing potential tenants in line with the needs of the resident population. Any lease for a new commercial tenant must be reviewed and approved by NYCHA and HDC.

12. Resident Engagement: The Designated Project Teams will be expected to craft and implement a comprehensive Resident Engagement Plan. The goal of the Resident Engagement Plan is to ensure residents have ready access to information about the project, are informed about project updates, and are provided with ample opportunities to provide feedback on and shape project plans, including the Rehabilitation Scope of Work, property management approach, Social Services Plan, and other investments. The Resident Engagement Plan must also detail how Project Teams will engage with residents and resident leadership following conversion to the Section 8 program. Designated Project Team

A preliminary Resident Engagement Plan must be included as part of the Applicant's submission (see Section VIII for submission requirements). NYCHA has developed a base set of engagement activities (see Exhibit T) that must be included in the Resident Engagement Plan, but Applicants are encouraged to expand upon this guidance with creative strategies and tailor their approach to the needs of each development. In addition, Project Teams must describe a plan for regular engagement and communication with residents and Tenant Association leadership following conversion, including, for example, meeting frequency and tactics for soliciting tenant complaints, making repairs, and resolving lease or other issues.

Project Teams will refine and finalize Resident Engagement Plans in coordination with NYCHA following designation. The Designated Project Teams will also participate in required public forums, hearings, and briefings with NYCHA residents, the Community Board, elected officials, City Agencies, and other organizations, as needed. The Designated Project Team will continue to collaborate with NYCHA on implementing and updating this plan, if necessary, throughout the conversion process.

Applicants are encouraged to form partnerships and assemble teams in order to supplement internal capacity. Project Teams will be required to craft and deliver professional, customer service-oriented, and culturally sensitive outreach and communications strategies.

13. Environmental Approvals: The Designated Project Teams will accept the Properties as-is. The Designated Project Teams will be responsible for preparing any and all environmental assessments and obtaining any and all environmental approvals necessary to achieve closing and for the Project's completion. The Designated Project Teams will be responsible for implementing any remedial measures identified in connection with the rehabilitation of the Properties as determined by HUD, NYCHA, HDC, or any applicable governmental authority having jurisdiction. The Designated Project Teams will assume the obligation to remediate any and all environmental contamination, indemnify NYCHA for any claims that may be made against it in the future, and release NYCHA from any claims that it may have in the future arising out of the condition of the Properties.

14. Construction Permits: The Designated Project Teams will be responsible for obtaining any and all building and/or construction permits or approvals necessary to achieve closing and complete the Project. As such, the Designated Project Teams must work with NYCHA to clear all violations necessary to close.

15. Equity: In all cases where Third-Party Equity is not generated through a federal, state, or local tax credit program, proposals will be viewed favorably in which the investment period

is maximized. In cases where Third Party Equity is generated through a federal, state, or local tax credit program, it must have a minimum investment period that complies with the applicable tax credit program requirements.

- 16. Guarantees:** The Designated Project Teams will be responsible for all financial guarantees and non-recourse carve outs necessary to complete the Project, including, without limitation, those required by any lenders or other financing partners. In addition, the Designated Project Teams will be responsible for providing to NYCHA and HDC an environmental indemnification with other applicable guarantees, subject to lender approval.
- 17. General Contractor:** General Contractors must provide a 100% Payment and Performance Bond or 10% Letter of Credit, acceptable to HUD, HDC, and other lender approval. This must cover the entirety of the final rehabilitation scope of work, made by a credit worthy entity satisfactory to NYCHA and HDC.
- 18. Taxes and Fees:** The Designated Project Teams will be solely responsible for paying all transfer and recordation taxes and fees associated with Project financing, leasing, or other conveyance of the Properties or any required federal, state, or municipal approvals. The Designated Project Teams is responsible for payment of all predevelopment cost(s) and meeting any other terms and conditions as required by HUD, NYCHA, other lenders, and/or investors.
- 19. Commitment to Entire Project:** The Designated Project Teams must commit to rehabilitating and managing all of the Properties in the Project and may not exclude any Properties from the Project.
- 20. Completion of Conversion Process:** The Designated Project Teams must achieve the RAD and Section 18 milestones in a timely manner as follows:
 - a. Lead required resident engagement;
 - b. Complete all required studies, reports, surveys, and evaluations necessary (including environmental review) for both receipt of the RAD Conversion Commitment and the Section 18 disposition approval from HUD as applicable and to secure financing;
 - c. For the units converting under RAD, develop a RAD Financing Plan that addresses the 20-year capital needs of all Properties in the Project converting through RAD and takes advantage of economies of scale both during rehabilitation and on-going operations;
 - d. For the units converting under Section 18, perform pre-HQS inspections and complete any required repairs to satisfy HQS; and

- e. Satisfying all HUD conditions and conditions in this RFEI for a timely construction closing in accordance with the schedule in VI(A) above.

21. Asset Management Reporting Requirements: The Designated Project Teams will be responsible for providing NYCHA with asset management data. This data is inclusive of but not limited to the listed reports detailed in the Asset Management Reporting Requirements (Exhibit U).

22. Credit Building: The Property Management entity for each Designated Project Team will be required to operate a credit building program. This program must provide tenants the opportunity to opt in, such that they can build their credit through timely payment of their rent if they so desire. It must be provided in partnership with a credit reporting entity that only includes positive rental payments, made within the month after the payment is due, in its reporting. Further, the Designated Project Teams should plan to incorporate financial literacy services and outreach efforts to educate tenants about the program as part of the scope of services offered or coordinated by their Social Service Provider. Financial literacy services and outreach efforts must be done in partnership with an entity that has a proven track record and/or direct accreditation in financial literacy services related to credit building and financial empowerment. Teams will be expected to work with selected social service providers to develop detailed plans, to implement the foregoing requirements.

23. Broadband: Designated Project Teams are required to provide residents with access to internet that is fast, reliable, and affordable, and the quality should improve over time as uses of the internet continue to evolve. The service provided must align with the City's Principles for Internet Service and Infrastructure, as outlined in the New York City Internet Masterplan: equity, performance, affordability, privacy and choice: https://tech.cityofnewyork.us/wp-content/uploads/2020/01/NYC_IMP_1.7.20_FINAL-2.pdf

Further, Designated Project Teams must comply with the Universal Broadband Commitments: commitment to minimum service levels, providing for resiliency, compliance with any and all relevant net neutrality laws, rules and regulations, guarantee of affordability, guarantee of privacy, equity, commitment to meeting reporting standards and providing choice.

24. COVID-19 Health and Safety: For all predevelopment work or active construction work requiring site access and/or resident interaction, Project Teams must comply with all COVID-

19 related health and safety measures detailed in the NYCHA memorandum provided in Exhibit I: Guidelines for COVID-19 Reopening.

25. Security: Project Teams should create a robust security plan that prioritizes the health and safety of NYCHA residents. Project teams operating and management budgets should include a line for security related items (as identified in the Underwriting Template) based on the Project Team’s assessment of how much it will require to provide a security plan accomplishing the following goals:

- a. Adequate guard coverage;
- b. Upgrades to the CCTV infrastructure;
- c. A mechanism to alert FDNY of any emergency calls from elevator cabs;
- d. A communication protocol, or ‘tip hotline’ for resident outreach, and a means to communicate these concerns directly to the appropriate authority
- e. Support for ‘resident watch’ efforts, inclusive of funds to support light equipment / resources for volunteers;
- f. Means for data collection; and,
- g. Funding to reimburse NYCHA for the utilization of the existing equipment during the interim conversion period.

This information should be detailed as part of the property management plan, in which a schedule should detail the planned transition from NYCHA security (personnel and equipment utilization) to the new system.

C. Social Services and Social Service-Related Requirements

NYCHA seeks to improve residents’ quality of life not only through extensive physical rehabilitation of the Properties and streamlined property management services, but also through access to social services, such as youth programs and adult education, and/or community amenities, both at the Properties and through resident referrals to off-site organizations.

NYCHA will work with Designated Project Teams to: (A) select an Existing Provider (defined below) actively serving that community or (B) identify an appropriate Pre-Qualified Social Service Provider(s) to be added to each Designated Project Team upon issuing a Conditional Designation Letter, or shortly afterwards. At that time, NYCHA will require the Designated Project Team to develop a detailed Social Services Plan (the “Social Services Plan”). The Social Services Plan should not be submitted until a Social Service Provider(s) has been added to the Designated Project Team.

Determination of new services or community amenities will be informed by resident feedback via a survey, needs assessment, community assemblies or other information-gathering tools. The Designated Project Team will implement these resident feedback tools prior to construction closing to identify priority service preferences and delivery gaps. The Designated Project Team must participate in hand-off meetings between NYCHA and partner City Agencies and third-party providers with services at the Properties to ensure continuity.

The Social Services Plan should (1) preserve the services offered by Existing Provider(s) for the duration of the Existing Contract(s), (2) provide service coordination (described below), (3) facilitate access to new social services or community amenities, (4) propose a budget for the proposed services, and (5) propose metrics to track the success of the Social Services Plan.

- 1. Existing Providers:** In some cases, there are currently on-site social services providers (“Existing Providers”) at the Properties. Some Existing Providers receive funding through one or more awarded contracts following a competitive procurement process (“Existing Service Contracts”) with New York City Agencies or entities (for example, New York City Health and Hospitals, the New York City Department of Youth and Community Development, the New York City Department of Education, or the New York City Department for the Aging, each a “City Agency”, collectively, “City Agencies”), each with contract terms that include specific performance and insurance requirements. Listed in Exhibit P are the Properties with Existing Providers, including the name of the provider and City Agency funder, if applicable.

To the extent that there are Existing Providers at the Properties, the Designated Project Teams must work with the Existing Providers and their City Agency funders, if applicable, to ensure that services are not negatively impacted or otherwise interrupted for the duration of the Existing Service Contracts, including any renewal or extension of the contract term. Each Existing Provider will remain in place for the duration of the Existing Service Contract unless the City Agency funder determines that the Existing Provider is not meeting service requirements under the Existing Service Contract or any future renewal contract. In such event, the City Agency funder has the right to assign a new social services provider to the affected Property to assume the Existing Provider’s obligations and rights under the Existing Contract, or any future renewal contract. The Designated Project Team will be expected to execute leases with Existing Providers that reflect the agreed upon and understood terms. If the Designated Project Teams and NYCHA select Existing Providers to join the Project Team, the Existing Providers must be engaged to deliver new services in addition to the scope of their Existing Service Contracts. These

services will be resident-informed, as described above, and will be negotiated directly with Designated Project Teams and NYCHA.

NYCHA may also have agreements with third party providers or City Agencies to provide programmatic and/or maintenance support to gardens, farms, public art, parks, and other amenities located at the Property. The Designated Project Teams should assume or acknowledge these agreements for the remainder of the term and ensure services are not negatively impacted. Continuations can be renegotiated directly with the third-party partner or City Agency thereafter by the Designated Project Teams.

- 2. Service Coordination:** In addition to any on-site Existing Providers, residents of the Properties also currently have access to workforce training, job opportunities, and social service referrals for vulnerable populations as public housing residents (“Existing Services”). These are services that NYCHA provides through a service coordination model for public housing residents. The selected Social Service Provider(s) should work collaboratively with NYCHA to develop a service coordination model, included in the social services plan that connects residents to services that are available to Section 8 households. This includes incorporating referrals for the Family Self-Sufficiency program within the social service plan and using NYCHA’s OpportunityConnect portal, and successor systems, to refer tenants to vetted providers that have formal partnership with NYCHA. Please note this excludes social service referrals directly to NYCHA for intervention in tenancy, lease enforcement, or related matters. This function should be incorporated within the scope of the property management and social service provider team.
- 3. New Services:** In addition to preserving the services offered by NYCHA partners at the development and the Existing Provider(s) for the duration of the Existing Contract(s), the Designated Project Teams will facilitate access to other social services or community amenities based on resident feedback. NYCHA may have agreements with third party providers or City Agencies to provide programmatic and/or maintenance support to gardens, farms, public art, parks, and other amenities located at the Property. The Designated Project Teams should assume these agreements for the remainder of the term and ensure services are not negatively impacted. The Designated Project Teams will survey residents prior to construction closing to identify priority service preferences and delivery gaps. The Designated Project Team and the assigned Social Service Provider must participate in hand-off meetings between NYCHA and partner City Agencies and third-party providers with services at the Properties to ensure continuity. The Designated

Project Teams will then develop and, upon construction closing, execute programs via its Social Services Plan to provide a selection of the preferred priority services.

4. **Proposed Budget:** Although the Social Service Provider(s) will be added to Designated Project Teams, Applicants must submit a general budget and funding proposal to support the ensuing Social Services Plan as part of this RFEI. As detailed herein, and in built into Exhibit F: Underwriting Guidelines, Applicants should assume a base case underwriting of (1) a one time, up front Social Service Reserve of \$300 per unit as part of the conversion budget and (2) an additional \$300 per unit in annual costs to fund social services on an ongoing basis.
5. **Metrics for Success:** The Social Services Plan shall include detail metrics pertaining to utilization or participation goals and service outcomes. These metrics should be reported to NYCHA on a quarterly basis.

The Designated Project Teams may consider new programs to replace expired Existing Services based on resident feedback. The Social Service Provider(s) will then develop and, upon construction closing, execute programs via its Social Services Plan to provide a selection of the preferred priority services.

D. Energy, Health and Sustainability Requirements

1. **Base Sustainability Program:** NYCHA is committed to advancing environmental justice in our communities by ensuring that investments in public housing create energy efficient, sustainable, and resilient buildings. NYCHA provides the flexibility for the Designated Applicant must meet the requirements and obtain certification through the New York City Overlay to the Enterprise Green Communities Criteria. NYCHA-specific requirements within the standard are disclosed in Exhibit Q. A draft criteria checklist must be submitted to NYCHA in the RFEI response. Before certification begins, a draft final criteria checklist must be submitted to NYCHA for approval.
2. **Local Law 97 (LL97) of 2019:** LL97 introduced a schedule for owners of large and medium-sized buildings to significantly reduce their greenhouse gas emissions (GHG). Buildings owned or operated by NYCHA are exempt from the general reduction schedule and associated financial penalties. However, the law requires NYCHA to make efforts to reduce GHG emissions by 40% by 2030 and 80% by 2050, from a 2005 baseline. Accordingly, prior to closing, the Designated Applicant must submit a document outlining that the proposed rehabilitation will achieve the building emissions intensity limit for occupancy group R-2 for calendar years 2030 – 2034. Emissions

intensity goals and GHG emissions coefficients for the 2030 – 2034 compliance period are outlined in tables below.

<u>Year</u>	<u>LL97 Limits for R2 (tCO2e/ksf)</u>
2024 – 2029	6.75
2030 - 2034	4.07
2035 - 2050	1.40

<u>Fuel Type</u>	<u>GHG Emissions Coefficient for 2030 - 2034</u>
Electricity	.000115585 tCO2e/kwh
Natural Gas	.005317 tCO2e/therm
District Steam	.000092221 tCO2e/kg
#2 fuel oil	.002718723 tCO2e/liter
#4 fuel oil	.002913742 tCO2e/liter
Biofuel	.000001720 tCO2e/liter

3. Electrification Analysis and Long-Term Emissions Reduction Plan: Prior to closing, the Designated Applicant must submit a document analyzing the feasibility of replacing fossil fuel-powered systems such as space heating, water heating, cooking, and laundry with electrified technologies. The analysis must also include a long-term emissions reduction plan that demonstrates an 80% reduction in GHG emissions by 2050. The Designated Applicant must provide a feasibility analysis of installing the components outlined below. The analysis should include, at a minimum:

- a. Draft scope of work that includes Electrification of heat and hot water generation using high-efficiency heat pumps; cooking using induction or electric stoves and provision of air conditioning to each apartment, as well as solar photovoltaics;
- b. Description and capacity of proposed systems being analyzed;
- c. Estimated installation costs;
- d. Costs and Estimated annual maintenance and operational operating costs;
- e. Description of major obstacles to implementation; and,
- f. Converting from central steam heating plants, such as conversion to hot water distribution with distributed boiler plants and conversion to air source heat pumps for heating and cooling.

Note, any existing leases for third party-owned solar installations will be transferred to the Designated Applicant at construction closing. The Designated Applicant may buy out the lease according to the terms of the lease.

4. Local Law 84 (LL84) of 2009: LL84 Benchmarking Law requires buildings over 25,000 square feet to annually report their overall energy use to the City using the Energy Star Portfolio Manager tool. Accordingly, for each applicable property, the Designated Applicant shall input and upload all electric, gas, and water utility information into the

specified development account in Portfolio Manager by April 1st of each year. Access to the building specific accounts in Portfolio Manager will be granted by NYCHA to the Selected Developer for this reporting. The Developer shall be responsible for verifying existing building information as well as updating and maintaining accurate information in the Energy Star Portfolio Manager tool, including but not limited to square footage, building characteristics and utility meter information.

NYCHA will be responsible for submitting all data to the City for LL84 compliance by the annual May 1st deadline. Any building(s) within the Developer's portfolio which receives a score of below 50 or show 3 consecutive years of declining energy performance shall require an ASHRAE Level 2 energy audit to be submitted to the NYCHA Energy Programs Department within 6 months of the LL84 submission date.

5. **Local Law 33 (LL33) of 2018:** LL33 requires building owners to disclose and publicly display the energy efficiency scores and grades assigned through the benchmarking tool during the annual benchmarking requirement (see LL84). The Designated Applicant shall comply with the requirements of the law, including annually posting the energy efficiency grade of each BBL for which a benchmarking score is submitted in a conspicuous location near the front entrance of each building and maintaining a copy in the local management office. Additionally, a copy of the energy efficiency grade for each BBL submitted shall be sent to NYCHA for their records.
6. **Local Law 87 (LL87) of 2009:** LL87 establishes a requirement for buildings over 50,000 gross square feet to undergo periodic energy audit and retro-commissioning measures, as part of the Greener, Greater Buildings Plan (GGBP). Accordingly, the Designated Applicant must:
 - a. Determine if a building needs to comply and what year it is due;
 - b. Conduct an energy audit and retro-commissioning of base building systems and complete an Energy Efficiency Report (EER) electronically;
 - c. Submit the EER to the Department of Buildings (DOB) by December 31st of the calendar year the report is due; and,
 - d. Provide NYCHA with an electronic copy of all submitted documentation.
7. **Local Laws 92 (LL92) and 94 (LL94) of 2019:** LL92 and LL94 of 2019 laws require sustainable roofing systems for in new construction, and when existing roofs are expanded or replaced for all buildings. A sustainable roofing system is defined as a solar photovoltaic power generation system, a green roof, or a combination of both. Buildings with occupancy or initial occupancy restricted based upon the income of the occupant or the prospective occupant as a condition is exempt, which includes all NYCHA properties. The law requires the Department of Housing Preservation and Development to study the potential impact of compliance with LL92 and LL94 on affordable and public housing and create particularized recommendation for cost-

effective pathways for compliance and weather the exemption provided should be continued to maintain affordability.

- 8. Submetering:** To promote energy conservation and better understand the breakdown in consumption of common area and tenant energy consumption, the Designated Applicant will be responsible for submetering all residential units in buildings that are currently master-metered. All installed sub-meters should be on a “shadow-meter” basis without billing the tenant. The Designated Applicant will have the option to disclose monthly energy consumption to residents.

- 9. Utility Monitoring:** After closing, the Designated Applicant must report on or around June 1st each year the following information to NYCHA:
 - a. Total building emissions intensity (pre, post-audit proposed, and each post-completion year), using the current GHG coefficients of energy consumption listed in LL97 or promulgated under LL97’s rules;
 - b. Annual water consumption per unit, as measured by the DEP meter;
 - c. Tenant electric consumption by quartiles by month;
 - d. Indoor temperature feedback with a sampling of no less than 30% of units per building if the development is retaining or replacing a central heating system; and
 - e. Data showing any instances of recorded indoor temperature in violation of the City Code minimum temperatures during the heating season, including the recorded date, time, indoor and outdoor temperatures associated with such violations.

Note, projects that are replacing the central steam or hydronic system with a central system that provides unit-by-unit temperature controls accessible to the tenants are exempt from requirements (d) and (e).

- 10. Green infrastructure:** The Designated Applicant will be required to meet certain requirements for non-interference with any pre-existing green infrastructure (GI) installed by the New York City Department of Environmental Protection (DEP). The Designated Applicant will also be required to provide access and otherwise cooperate with any green infrastructure projects that are planned, designed, or in construction at the time of construction closing. NYCHA and the Department of Environmental Protection will disclose the location of existing and planned green infrastructure projects. Post-closing, the Designated Applicant will be responsible for maintaining green infrastructure on-site in alignment with the Department of Environmental Protection's Standard [Designs and Guidelines for Green Infrastructure Practices](#).

- 11. Waste management infrastructure:** The Designated Applicants will be required to submit a waste management plan and “PACT Transition – Waste Management Handover Guide”, as outlined in Exhibit K, that comply with the following requirements:

- a. If a development currently does not receive curbside trash removal from the Department of Sanitation (DSNY), the development may not convert to curbside removal;
- b. If a development hosts exterior waste equipment used by other developments, the Designated Applicant must continue to provide access to the shared equipment;
- c. If a development uses shared exterior equipment at a development retained by NYCHA, the Designated Applicant must install and maintain its own exterior equipment; and
- d. Any open 30-yard containers utilized for bulk collection will be converted to an onsite auger compactor with DSNY collection.

12. Reducing Construction and Demolition Waste: In line with OneNYC’s goal of sending zero waste to landfills by 2030, NYCHA aims to reduce the amount of construction and demolition (C&D) waste that is disposed in landfills and incineration facilities through material recovery, reuse, and recycling. Building on mandatory requirements for Enterprise Green Communities Criteria item 6.10 Construction Waste Management, the Selected Developer will be required to select Option 1 and submit a C&D waste management plan for new construction and rehabilitation work at the Development that establishes project-specific waste estimates, waste diversion goals, waste prevention measures, reuse inventory, communication plan, contamination prevention measures, and a recycling facility list.

13. Smoke-Free Housing: The Designated Applicants must adopt a smoke-free policy consistent with NYCHA’s Smoke-Free Policy. For more information, please visit <https://www1.nyc.gov/site/nycha/residents/smoke-free.page>.

E. Ownership and Control

NYCHA will convey the Projects to Designated Project Teams through a long-term lease agreement for the land and buildings and other improvements on the Properties (the “Lease”). NYCHA will reserve approval and removal rights as the landlord under the Lease. NYCHA will also require Designated Project Teams to enter into additional agreement(s) to memorialize resident rights, guarantee long-term affordability, and to satisfy any additional NYCHA, HDC and/or HUD requirements.

F. Project Financing and Fee Requirements

HDC will determine and arrange the financing structure for each Project. Financing for the Projects must incorporate the items below:

1. **Underwriting Guidelines and Template:** The PACT underwriting guidelines and rental pro forma template are included as Exhibit F. All Proposal submissions must reflect the guidelines, interest rate, amortization, rental assumptions, unit mixes, and the disposition methods outlined in Exhibit F unless otherwise instructed. Applicants and Designated Applicants will be required to revise underwriting assumptions as requested by NYCHA and HDC.
2. **Proposed Financing Structure:** Proposals must include balanced sources and uses. To the extent sources proposed are not fully committed at the time of submission, the Applicant must accept the risk for securing and/or providing replacement funds if needed. The priority for all cash flow distributions should be first and foremost to meet the capital needs of the respective Project, while minimizing the need for City subsidy.
3. **City Subsidy:** Proposals that minimize the use of City subsidy, while meeting the full capital needs of the Project, will be reviewed favorably. If City subsidy is requested, the Applicant may be responsible for satisfying additional requirements.
4. **No Low-Income Housing Tax Credits (LIHTCs):** Applicants must not propose a financing structure that relies on 4% or 9% LIHTCs.
5. **Rent Levels**
 - a. The **RAD contract rents** must be underwritten based on the applicable 2020 RAD rents as found in Exhibit D and provided in the Underwriting Templates. NYCHA may provide revised rental assumptions at any time during the RFEI selection process and after Applicants have been designated.
 - b. The **Section 18 contract rents** can be underwritten up to 110% of FMR less applicable utility allowances, subject to rent reasonableness. Please find the applicable reasonable rent levels in Exhibit E and in the Underwriting Templates.
 - c. **“Over-Income”** Households: Since each Project is a combination of RAD and Section 18 conversions, the RAD Notice extends certain RAD Resident Protections to the households converting under Section 18, including that current households cannot be excluded from occupancy at the Properties undergoing conversion based on any rescreening, income eligibility, or income targeting. Current public housing residents in the converting Properties will not be rescreened for admission to the Section 8 program. For example, a unit with a household that was over-income at time of conversion would continue to be treated as an assisted unit and such unit will be placed on the applicable Section 8 PBV HAP Contract and such over-income

household will have the right to remain in an assisted unit at the converting Properties and pay no more than 30% of adjusted gross income as rent.

6. Developer Fee:

- a. Applicants should assume that NYCHA receives 50% of the developer fee, if applicable, and preference will be given to Applicants that maximize the ongoing annual cash flow return to NYCHA.
- b. If no City subsidy is required to finance the Project, the developer fee will be limited to 10% of project costs, excluding acquisition, developer fee, and reserves, conforming to the requirements of the RAD Notice. Other costs related to tasks that the Designated Project Teams will perform, such as construction management, financial consultation, and other services, shall not exceed an additional 2% of project costs, excluding acquisition, developer fee, and reserves, for total maximum fees of 12% of project costs. The structure and timing of release of the developer fee will be subject to lender approval.
- c. If City subsidy is required to finance the Project, the developer fee will be paid in increments based on Project milestones. Up to 50% of the developer fee may be paid during the construction period with the balance payable upon permanent loan conversion.
 - a. If a Designated Applicant's Developer(s) is or includes a for-profit entity(ies), developer fee will be limited to 5% of total development cost less existing debt, developer fee, and reserves. 50% of the cash equity requirement as detailed below must remain in the deal.
 - b. If a Designated Applicant's Developer(s) is exclusively a not-for-profit entity(ies), developer fee will be limited to 8% of total development costs less existing debt, developer fee, and reserves plus 5% of acquisition. The net developer fee cap is \$10,000 per dwelling unit.

7. Equity:

- a. If no City subsidy is required to finance the Project, Applicant and/or third-party "Preservation" equity may be required. Any Third-Party Equity Partner ("Third-Party Equity Partner"), which provides equity to the Applicant, but is not a Pre-Qualified Partner, will exclusively be allowed to participate in the ownership structure as a non-controlling/non-managing member. Third Party Equity Partner(s) must only be involved in a Project to the extent such involvement directly relates to its role as a non-controlling/non-managing member. If an Applicant is considering the inclusion of Third-Party Equity Partner, such Third-Party Equity Partner must be identified as a member of the Project Team, and Applicant's Proposal must include information

demonstrating the Third-Party Equity Partner's role in the partnership, a structure chart and a summary of the equity terms, including the proposed investment period. Proposals will be viewed favorably in which the investment period of the Third Party Equity Partner is maximized. In cases where Third Party Equity is generated through a federal, state, or local tax credit program, such equity must have a minimum investment period that complies with the applicable tax credit program requirements.

- b. Applicants should describe their ability and willingness to contribute equity into the Project. Proposed equity contributions from the Applicant will be reviewed favorably. In addition, NYCHA may be willing to reduce the amount of cash flow in order to maximize equity contributions from the Applicant.
- c. If City subsidy is required to finance the Project, Applicant and/or third-party "Preservation" equity equal to 10% of total development cost less existing debt, developer fee, and reserves will be required.
- d. If a Designated Project Team's Developer(s) is or includes a for-profit entity(ies), proposals will be viewed favorably in which their equity contribution is maximized.

8. Opportunity Zone Benefits: It is NYCHA's current expectation that the following Properties are located within an Opportunity Zone. The applicability of Opportunity Zone benefits will be subject to further diligence by and will ultimately be the sole responsibility of the Project Team.

- Reid Apartments Consolidation and Park Rock Consolidation Project:
 - 104-14 Tapscott Street
 - Fenimore-Lefferts
 - Lenox Road-Rockaway Parkway
 - Ralph Avenue Rehab
 - Reid Apartments
 - Rutland Towers
 - Sutter Avenue-Union Street
 - Tapscott Street Rehab
 - Crown Heights
 - Howard Avenue
 - Howard Avenue-Park Place
 - Ocean Hill-Brownsville
 - Park Rock Rehab
 - Sterling Place Rehabs (Saint Johns-Sterling)
 - Sterling Place Rehabs (Sterling-Buffalo)

- Portion of Samuel (City) (part 2 on the relevant property map)

As such, Applicants are required to disclose the value and source of Opportunity Zone equity. Applicants are encouraged to explore heightened equity contributions that result in lower City subsidy and/or budgeted developer fee by taking advantage of the Opportunity Zones legislation. Proposals that waive or defer developer fee because of this value will be evaluated favorably.

9. Lease Payments: For a Project that does not contemplate City subsidy, Applicants should propose an upfront lease payment to NYCHA. No upfront lease payment will be required for projects with City subsidy.

10. Lessor Note: The acquisition price may be divided between an upfront lease payment or cash acquisition payment to NYCHA along with a lessor note. The term of the lessor note shall match the term of the permanent loan.

11. Return to NYCHA: Preference will be given to Applicants that maximize the ongoing annual cash flow return to NYCHA, not to be less than 50%. No upfront lease payment or cash acquisition payment to NYCHA will be required when the Project relies on City subsidy. For a Project that does not contemplate City subsidy, a financial return to NYCHA will be reviewed favorably. In addition, NYCHA may be willing to negotiate cash flow split to maximize the equity contribution from the developer.

12. NYCHA Fees and Costs:

- a. Annual Administrative Fee:** The greater of \$100,000 or \$100 per dwelling unit shall be provided to NYCHA for certain property management services to cover the costs of compliance, asset management, and accounting, subject to annual 2% escalations.
- b. Utility Management Fee:** If the Applicant is proposing to have NYCHA pass on its negotiated electricity rates, then the Applicant's Proposal must account for a utility management fee equal to 5% of the respective electricity costs⁶. For all other utilities, the Applicant is responsible for transferring the ownership of these utility accounts from NYCHA to the Applicant effective as of the closing date. NYCHA has full discretion at any point to adjust this structure.
- c. Section 8 Transition Fee:** Applicants must propose a one-time Section 8 Transition Fee of at least \$100 per public housing unit to cover the programmatic expenses

⁶ Structure of the Utility Management Fee is subject to modification by NYCHA.

associated with the transition of these units to Section 8, including on-site property management transition, back office conversion tasks, and HQS inspections.

- d. Predevelopment Costs:** NYCHA must be repaid for any and all predevelopment expenses, including, but not limited to, fees for retaining outside legal counsel, environmental consultants, obsolescence reports, any required repairs, resident technical assistance or services, and appraisers.
- e. Existing Debt and Bonds:** NYCHA must be repaid for all outstanding balances on expended and capitalized bond proceeds and debt as detailed in Exhibit G.

13. Purchase Option/Rights of First Refusal: NYCHA will require a purchase option on the Applicant's leasehold interest in the property and any member's equity interest in the Project Team entity. NYCHA will provide the terms of the purchase option.

14. Residential Property Taxes: Tax benefits will be available through a negotiated Payment In Lieu of Taxes ("PILOT") agreement between NYCHA and the City. Applicants should assume that \$0 in PILOT payments are due as long as the Properties serve households (exclusive of existing residents in place at closing) with incomes at or below 80% of AMI, subject to any PILOT payments that may be imposed for community facility or commercial tenants. Commercial units will be subject to standard applicable real estate taxes.

15. Future Refinancing: NYCHA and HDC approval is required for any refinancing or restructuring of permanent debt.

16. Capital Needs: At a minimum, Applicants must propose a rehabilitation scope of work that covers the 20-year capital needs of the Properties as determined by the NYCHA PNA, further detailed within the SOW Template. Eligible Applicants may be required to complete additional forms for NYCHA review and approval prior to selection to ensure that Proposed Rehabilitation Scopes of Work meet both the 20-year capital need as defined by the RAD CNA, Obsolescence Report, as well as to demonstrate that the 20-year NYCHA PNA is addressed. Designated Project Teams will be required to complete additional forms and templates to be provided by NYCHA prior to financial closing.

17. Developer Return Requirements: NYCHA understands that sources and uses will shift between the time of Proposals and construction closing. To help ensure consistency, Applicants must state their minimum return requirements, including cash developer fee and cash flow split over time. Applicants must specify their return requirements in the Proposal as it relates to equity contributed.

- 18. Tenant Participation Activities (TPA) Funding:** Per the RAD Notice, Applicants must account for an annual resident participation fee of \$25 per occupied unit in their management and operations budget. In some cases, NYCHA may have unused TPA funds that it will transfer to the Designated Project Teams at construction closing.
- 19. Resident Planning Funds:** At least \$50,000 per Project plus \$40 per dwelling unit shall be made available to residents upon designation for technical assistance and other services needed to ensure residents can meaningfully participate in planning and engagement processes associated with the Project. The Designated Project Team will work with NYCHA and resident leadership to develop a budget and scope of work for these funds, but Applicants are encouraged to include strategies for effectively using these funds as part of their Resident Engagement Plan. The Designated Project Team will be responsible for overseeing and tracking the use of funds, as well as contracting with outside organizations, where needed, and making payments directly. Eligible activities may include hiring community-based organizations to support outreach efforts; planning, architecture, or urban design firms to vet project proposals; financial consultants to assess redevelopment potential; tenant organizers or advocates to support tenant organizing and leadership development and training; and/or attorneys to provide legal advice.
- 20. Tenant Legal Assistance:** Designated Project Teams will be responsible for providing residents with free legal services in connection with the Project in order ensure a smooth transition to the Section 8 program, including legal consultation on the new Section 8 leases residents will be required to sign prior to closing. NYCHA will coordinate with the Designated Project Teams to select a legal services provider, but the Designated Project Team will be responsible for entering into a contract (and funding) outlining the provision of services from the legal services provider, in consultation with tenant association leadership. The Designated Project Teams will be responsible for all coordination and communication with the legal services provider, including, but not limited to, scheduling Lease Addition days (so residents can add household members, pets and/or appliances to their household prior to conversion), lease clinics and/or hotlines, and any other legal services requested or developed in coordination with tenant association leadership.
- 21. Social Service Provision Budget:** See Section (IV)(C) for detail on the required Social Service Reserve and annual funding requirements, also detailed within the Underwriting Template.

G. Project Labor and Employment Provisions

- 1. Davis-Bacon prevailing wage requirements:** The Davis-Bacon prevailing wage requirements (prevailing wages, the Contract Work Hours and Safety Standards Act, and other related regulations, rules, and requirements) will apply to the Work that qualifies as “Development” as set forth in the RAD Notice. Per Section 1.4.A.14 of the RAD Notice, “‘Development,’ as applied to work subject to Davis-Bacon requirements on Section 8 projects, encompasses work that constitutes remodeling that alters the nature or type of housing units in a PBV or PBRA project, reconstruction, or a substantial improvement in the quality or kind of original equipment and materials, and is initiated within 18 months of the Housing Assistance Payment (HAP) Contract.” The only exception to this requirement relates to work on units within properties within the LLC I portfolio, where there is an existing HAP contract from a previous conversion to Section 8 (NYCHA’s Mixed-Finance transaction).
- 2. Wage standard for building service employees:** NYCHA has adopted the wage standard of 80% of prevailing wage, including supplemental benefits, for building service employees on PACT projects post-closing. As such, initial compensation and benefits shall be set at 80% of the prevailing wage schedule for building service workers per the City of New York Office of the Comptroller (the “Prevailing Wage Schedule”) at the time of closing and shall be adjusted in future years according to contract renewal negotiations, which adjustments shall use as a floor 80% of the Prevailing Wage Schedule in effect at the time of such adjustments.
- 3. Labor relations:** Proposals from applicants that demonstrate experience in harmonious and successful labor relations and/or a lack of negative labor issues, including in operation/property management, will be reviewed favorably.
- 4. Section 3 of the Housing and Urban Development Act of 1968 (“Section 3”):** Section 3 of the Housing and Urban Development Act of 1968 12 U.S.C. 1701u and 24 CFR 75 represents HUD’s policy to ensure that employment and other economic opportunities generated by HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns that provide economic opportunities to low- and very low-income persons. Employment preferences under Section 3 are targeted to low- and very low-income (a) residents of public housing or Section 8 unassisted housing (RAD requirement), (b) workers within the service area or the neighborhood of the project, and (c) YouthBuild participants, or workers employed by a Section 3 business concern. Section 3 applies to the Work as identified in the RAD scope of work. Section 3 business concern must meet one of

the following criteria in the last 6 months: (i) It is at least 51 percent owned by low- or very low-income persons; (ii) Over 75 percent of the labor hours performed for the business are performed by low- or very low-income persons; or (iii) It is a business at least 51 percent owned by current public housing residents or residents who currently live in Section 8-assisted housing. Proposals from Project Teams with a demonstrated record of, and/or especially thoughtful plans for, providing robust Section 3 opportunities will be viewed favorably.

The Section 3 guidance is subject to change at any point in time at the discretion of HUD and/or NYCHA.

- 5. Nonprofit and/or Minority and Women Business Enterprises (“Nonprofit” and “M/WBE”):** NYCHA aims to ensure that all businesses have an equal opportunity to participate in all aspects of NYCHA projects. As such, Applicants are encouraged to take affirmative steps to include Nonprofit enterprises and M/WBEs in their Project Team.

In particular, each Applicant is encouraged to include at least one Developer member in their Project Team (either as a standalone Developer or as a managing member in a joint venture with another Developer) that (a) is an M/WBE Developer and/or Nonprofit and (b) has a Meaningful Role within the Project Team. Applicants that include at least one M/WBE Developer in their Project Team and demonstrate that such M/WBE Developer will have a Meaningful Role within the Project Team will be reviewed favorably. Small-Scale Developers may select General Contractors or Property Managers who are not on NYCHA’s Pre-Qualified List; provided, however, that such Applicant adequately demonstrates, in NYCHA’s judgment, such General Contractor’s or Property Manager’s qualifications (with reference to each of the requirements of NYCHA’s RFQ) and justification for including such member in the Project Team as opposed to a General Contractor or Property Manager already on NYCHA’s Pre-Qualified List.

“Meaningful Role” within the Project Team is defined to include, but is not limited to, one or more of the following: (i) at least 30% overall equity ownership in the relevant project ownership entity(ies), (ii) material decision making authority and/or managing member status in the applicable joint venture, (iii) control and authorship of material Development work components, (iv) fair participation (in NYCHA’s and HDC’s reasonable judgment) in the waterfall distribution returns to equity, and (v) serving as lead developer on a minimum of 200 units of the Project. These units should be comparable to the whole of the relevant development in size, level of needed repairs and potential income.

The Designated Project Teams shall state in all solicitations or advertisements for bids for subcontractors, placed by or on behalf of the Designated Project Teams, that all qualified businesses will receive consideration for subcontracts without regard to the race, color, religion, military service, national origin, sex, age, disability, marital status, or sexual orientation of the owners, partners, management, or stockholders of a business. M/WBEs shall be given an equal opportunity by the Designated Project Teams to submit Proposals to such Designated Project Teams for consideration of subcontracting awards in connection with the Project.

Applicants should strive to work with subcontractors to achieve M/WBE hiring goals in line with other City housing programs, including but not limited to programs mandated by HDC and the New York City Department of Housing Preservation and Development (“HPD”).

6. **Resident Economic Opportunities:** Pursuant to NYCHA’s goal of generating economic opportunities for its residents, Applicants must submit a plan for providing training and employment to NYCHA residents during construction and the long-term operation of the Properties. The Designated Project Teams shall collaborate with NYCHA’s Resident Economic Empowerment and Sustainability Department (“REES”) to finalize an agreed upon training and hiring plan (the “Hiring Plan”) that is consistent with applicable HUD hiring policies and NYCHA policies, as stated herein. REES provides training opportunities and manages partnerships with external workforce development and vocational training providers that can serve as a referral source. REES referrals can be included as one source of recruiting qualified NYCHA residents for employment.

The Designated Project Teams shall include a provision in its subcontractor bids that requires training and employment opportunities for qualified NYCHA residents consistent with this paragraph. Proposals with a comprehensive training plan and higher numbers of new hires of NYCHA residents and low-income individuals at higher wages will be viewed favorably.

7. **Compliance.** Between the construction closing and construction completion, the Designated Project Teams will report all recruitment and hiring activities, compliance with Davis Bacon, and compliance with Section 3 to NYCHA, on forms reasonably acceptable to NYCHA, on a monthly basis. Following the construction completion, the Designated Project Teams will continue to report all recruitment and hiring activities and compliance with Section 3 to NYCHA on a monthly basis.
8. **NYCHA Staff Redeployment:** The Designated Project Teams must ensure that NYCHA property management staff assigned to the Properties prior to conversion are provided the opportunity to apply for positions with the new property management company and given

a right of first refusal for new positions for which they are qualified. Any staff members who do not elect to remain at the Properties after conversion may be, if desired, redeployed to other NYCHA public housing developments at construction closing.

H. Other Provisions

- 1. Affordability Requirements:** The Properties must be operated as affordable housing for the duration of the Lease with new occupancy post-closing restricted to households earning 60% of AMI and below, or as otherwise outlined in the HDC Regulatory Agreement. Affordability requirements will be memorialized in certain recordable documents that will encumber the Properties, including an HDC Regulatory Agreement, a NYCHA regulatory agreement, a RAD Use Agreement for units converting to project-based voucher assistance under RAD a Declaration of Restrictive Covenants and Use Agreement for units converting to project-based voucher assistance under Section 18 and the Section 18 units in the Properties converting through RAD).
- 2. Design:** Proposals must conform to the New York City Zoning Resolution, NYCHA Design Guidelines for the Rehabilitation of NYCHA Residential Buildings), NYCHA Connected Communities Guidebook, the New York City Building Code, and all other applicable laws and regulations.

NYCHA Preservation Design Guidelines:

<https://www1.nyc.gov/site/nycha/about/departments/cpd-design-standards.page>

Connected Communities Guidebook:

<https://www1.nyc.gov/assets/nycha/downloads/pdf/Connected-Communities-Guidebook.pdf>

Current layouts must be retained in existing buildings with only minor modifications where necessitated by construction constraints or to ensure that units are functional. This requirement is set to meet the objective of maintaining existing unit counts and bedroom distributions, as well as to control costs. All Proposals must further comply with the accessibility requirements of all applicable laws including, without limitation, to the New York City Building Code, the Fair Housing Act, the Americans with Disabilities Act (“ADA”), Section 504 of the Rehabilitation Act of 1973, and NYCHA’s Voluntary Compliance Agreement with HUD concerning accessibility. Following selection, teams will be required to provide all design documentation listed in the PACT Pre-development Submission Checklist (Exhibit V) including but not limited to Energy, Health and Sustainability requirements, Scope

of Work Overview, Accessibility Report or Statement, Heating System Report, Design Guidelines Statement, and Elevator Report

- 3. Establishment and Administration of Wait List:** NYCHA will maintain a site-based waitlist of Section 8 applicants for units as they become vacant upon and after conversion. The site-based wait list will be created and managed in accordance with NYCHA's Section 8 Administrative Plan.
- 4. Mandatory Insurance Coverage:** The Designated Project Teams must adhere to all requirements included in NYCHA's Insurance Requirements Guide attached hereto as Exhibit H. An insurance quote should be reflected in the Applicant's financial proposal. Designated Project Teams must also satisfy all lender insurance requirements.
- 5. Development Rights/Carve-Outs:** NYCHA will retain all existing, ongoing, and future development rights at the Properties not required for existing improvements at the Properties. These include development rights created in the future pursuant to any rezoning or re-districting of any portion of the Properties or created by the terms of the Lease, all of which rights will remain vested in NYCHA and the use of which is in NYCHA's sole and absolute discretion. The Selected Applicants will have no approval rights over NYCHA's use of such development rights.

In addition, NYCHA reserves the right to carve out from the Properties certain unimproved or non-residential parcels of land that it may use for future development. Vacant land cannot be considered as collateral for any financing proposed for the Project. The area to be leased to Selected Applicants will generally consist of the entirety of the Properties. NYCHA will reserve the right through the lease and control agreement to recapture parcels in the future that 1) do not compromise the functioning of the property as Section 8 housing, 2) do not affect compliance of the properties as relates to NYC Zoning Resolution, NYC Building Codes, Multiple Dwelling Law, or otherwise address proposed non-compliances, 3) do not adversely affect the property finances by reducing the debt services coverage ratio to below financing requirements due to lost revenue from parking or otherwise, and 4) compensate the PACT Project(s) for the depreciated value of improvements made to the parcels through the PACT program and throughout the duration of the lease.

The Selected Applicants will not have a right of first refusal on any future development at the Properties, though NYCHA, at its sole discretion, could determine that it is beneficial for the Selected Applicant to be involved in future development. Parcels will be recaptured at no cost to NYCHA other than for coverage of reasonable legal costs and depreciated value of improvements as previously described. PACT Partners and their lenders agree to cooperate fully with NYCHA and any development partners on the recaptures. Prior to

conducting predevelopment work, including ordering appraisals and surveys, the Selected Applicants will confirm the anticipated dimensions of the leasehold area. Specific potential future development sites may be discussed prior to execution of the lease and other closing documents but will not be specified in the documents by metes and bound, separate tax lots, etc.

V. PROCUREMENT PROCESS

A. Procurement Structure

As indicated in the RFQs, Applicants will be selected for Projects based on their ability to undertake the required capital repairs and on-going operations at the Properties while committing to support robust social services. Applicants will be expected to effectively engage residents in pre-development and visioning exercises. Pre-Qualified Partners are responsible for forming a Project Team consisting of Developer(s), Property Manager(s), and General Contractor(s) (collectively, the “Project Team”) and submitting a Proposal as an Applicant who will obtain financing for the transaction, complete the required tenant-in-place rehabilitation, manage the Properties, and support a Social Service Provider in compliance with this RFEI and other NYCHA specifications, the Applicant’s Proposal, and each Project’s applicable financing requirements. The Developer, Property Manager and General Contractor should be Pre-Qualified Partners. NYCHA and HDC acknowledge that the Project Team will also consist of other professional, technical, and construction entities (e.g. equity investor, architect, engineer, community planning professional, and legal counsel) not included in the Pre-Qualified Partner List. As further described below, NYCHA will assign a Social Service Provider or Existing Provider to a Project Team after designation.

Following a competitive review of the Competitive Selection Criteria (as defined and described in Section VI), Applicants will be designated to commence negotiations with NYCHA (“Designated Project Teams”) for a particular project.

To address NYCHA’s high and unique capital needs at its public housing campuses, NYCHA reserves the right to change any part of a Project and Project Team as it deems appropriate. For example (but without limitation), NYCHA can cancel solicitations, remove members of a Project Team, and add new members to a Project Team from the Pre-Qualified Partner List or otherwise, as well as remove or add properties to the Project. After designation, NYCHA will work with Designated Project Teams to identify an appropriate Social Service Provider or multiple providers to be added to each Designated Project Team who will be responsible for providing robust social services to residents. Applicants therefore should not include a Social Service Provider in their

Project Team but must abide by the Underwriting Guidelines in Exhibit F in terms of budgeting for the provision of social services.

Project Preference Ranking Form

Prior to submitting a Proposal, interested Pre-Qualified Partners are required to form a Project Team, as described above, and, as an Applicant, rank each Project in order of interest by completing the web-based Project Preference Ranking Form (the “Ranking Form”) located at <https://eshare.nycha.info/sites/PACT/SitePages/Home.aspx> no later than **December 16, 2020 at 5 p.m.** Project Teams may consist of one entity per category (e.g., Developer, Property manager, and General Contractor), or joint ventures comprised of multiple Pre-Qualified Partners per category.

Each Project Team that includes at least one Developer member within the Project Team (either as a standalone Developer or as a managing member in a joint venture with another Developer) that (i) is an M/WBE Developer and/or a Nonprofit, as defined herein, and (ii) has a Meaningful Role, as defined herein, will be reviewed favorably.

In addition, each Project Team is encouraged to include at least one Developer member (either as a standalone Developer or as a managing member in a joint venture with another Developer) that is a Small-Scale Developer, as defined in the RFQ (such Small-Scale Developer, a “Small-Scale Developer”). Project Teams that include at least one Small-Scale Developer and demonstrate that such Small-Scale Developer will have a Meaningful Role within the Project Team will be reviewed favorably.

As described above, Applicants should not include a Social Service Provider in their Project Team before submitting the Ranking Form, as NYCHA will work with Designated Project Teams to identify appropriate Social Service Provider(s) to be added to each Designated Project Teams’ after designation. For the purpose of preparing, submitting, and processing the Ranking Form, the Developer entity(ies) will be considered the lead applicant of the Project Team (the “Lead Applicant”) and will serve as the point of contact with NYCHA throughout the RFEI process. If the Project Team consists of a joint venture between more than one Developer, please indicate in the Proposal which Developer will serve as the Lead Applicant, together with contact name, email, and phone number. Applicants may email pact.partners@nycha.nyc.gov if there are any issues completing the Ranking Form.

Pre-Qualified Developers ***may only be part of one (1)*** Project Team when preparing and submitting a Ranking Form, regardless of whether they are submitting a Ranking Form individually or as part of a joint venture. Pre-Qualified Property Managers and General

Contractors may be part of more than one Project Team and may be included in multiple Ranking Form submissions. Pre-Qualified Large-Scale Partners that are not developers, applying as either Property Managers or General Contractors, are similarly encouraged to partner with Pre-Qualified Small-Scale Partners to enhance the diversity of experience of each Project Team.

Project Preference Ranking and Submitting Proposals

Each Applicant that has completed the Ranking Form by December 16, 2020 will have their ranked preferences processed by NYCHA to determine the Project(s) for which they will be eligible to submit a Proposal (“Project Preference Ranking Process”). As described above, Pre-Qualified Developers may not be part of more than one (1) Project Team and may not be included on more than one (1) Ranking Form submission. If an Applicant’s Project Team includes a Large-Scale Partner, the Applicant must rank a minimum of three (3) Projects. There is no minimum number of Projects that must be ranked if the Project Team does not include a Large-Scale Partner. After the Project Preference Ranking Process has been completed by NYCHA, Applicants eligible to prepare and submit a Proposal for each of the Projects will be notified. There will be a maximum of four Applicants eligible to prepare and submit a Proposal for each of the Projects. NYCHA and HDC cannot guarantee that every Applicant will become eligible to prepare and submit a Proposal for at least one (1) of their top three (3) ranked Projects (such Applicants, “Eligible Applicant(s)”).

Eligible Applicants will be notified by email of the Project(s) they are eligible to submit a Proposal for no later than December 21, 2020 (the “Notification Email”). Eligible Applicants are required, through the Lead Applicant of the relevant Project Team, to respond to the Notification Email within **one (1) week** after the date the Notification Email is sent and state their intent for each Project for which they are eligible by stating one of the following responses for each Project (“Applicant Response Email”):

1. The Eligible Applicant will prepare and submit a Proposal for the Project;
2. The Eligible Applicant will enter into a joint venture with another Eligible Applicant that was selected to prepare a Proposal for the same Project. Both Eligible Applicants intending to combine their Project Teams must notify NYCHA of this intent by responding to their respective Notification Emails; or
3. The Applicant does not intend to prepare or submit a Proposal for the one or all of the Project(s) and is formally withdrawing their eligibility to prepare a Proposal for such Project(s). Applicants may withdraw their eligibility from one (1) or more Projects and retain their eligibility to prepare and submit a Proposal for any other Project(s) for which they are eligible.

Upon receipt of Applicant Response Emails, NYCHA and HDC may elect to continue the Project Preference Ranking and send additional Notification Emails to Applicants.

Changes to Project Teams after Applicant Response Email

Eligible Applicants are permitted to change, add, or remove Pre-Qualified Partners to/from their Project Team after sending their Applicant Response Email. Applicants who were determined to be eligible for more than one (1) Project may change, add, or remove Pre-Qualified Partners for each Project, resulting in different Project Teams for each Project they are eligible. In all instances, the Applicant must retain the Lead Applicant that submitted the Ranking Form. NYCHA requests that any changes to the Project Team after an Applicant Response Email is sent be finalized no later than January 15, 2021 and that the Applicant notify NYCHA of the change as soon as possible by emailing pact.partners@nycha.nyc.gov.

Eligible Applicants will be invited to conduct a site visit of the Properties and submit questions to NYCHA and HDC prior to submitting Proposals. Eligible Applicants will have until February 18, 2020 to submit their Proposals in accordance with the instructions set forth in Section VIII: Submission Requirements.

B. Pre-Submission Conference and Site Visits

An initial pre-submission webinar will be held on **November 24, 2020 at 12pm** via Zoom. To access the details for the event, Pre-Qualified Partners should RSVP through the PACT Procurement Site <http://eshare/sites/PACT/SitePages/Home.aspx> (the 'PACT Procurement Site') or by emailing the Pact Partners email: pact.partners@nycha.nyc.gov. Partners can also address any issues completing the RSVP form to that email address. The pre-submission conference will be a reiteration of the information included in this RFEI, and responses to all questions raised will be posted and available for all Pre-Qualified Partners to review at the PACT Procurement Site. NYCHA will host a second pre-submission conference via Zoom on **December 2, 2020 at 12pm**.

NYCHA is assessing the correct way in the current environment to provide further site information, and may make the Properties available for either virtual or in-person site visits for the Project Teams invited to submit proposals **the week of January 5, 2021** on the designated days ("Site Visits"). Further detail on this will be provided in future updates to the Project Teams eligible to submit proposals. NYCHA may elect to hold the Site Visits at an earlier or later date. Applicants will be notified of the RSVP process for Site Visits after they have responded to after Site Visits after they have responded to the Notification Email. All persons wishing to conduct interior building inspections must do so at their own risk and only if explicitly approved by NYCHA.

Applicants are not to contact NYCHA Property Management staff to obtain additional information about the Property or to schedule their own inspections without the expressed consent of NYCHA's Real Estate Development Department. Any and all inspections that do occur, as approved by NYCHA, must take all necessary precautions to prioritize the health and safety of NYCHA residents from COVID-19. Any additional questions Applicants have regarding a specific Property should be submitted at <https://eshare.nycha.info/sites/PACT/SitePages/Home.aspx>.

In the event of site access, prior to entering the Properties, all persons must sign a release of liability form that NYCHA staff will provide at the Properties during the scheduled site visit times. By signing the requisite release of liability, the inspecting person agrees to release NYCHA of liability for any harm and/or damage occurring during, or because of, the inspection of any or all the Properties, and agrees to hold NYCHA harmless for such harm and/or damage.

C. Questions

All initial questions from Pre-Qualified Partners for this RFEI will be due by **December 3, 2020 at 5 p.m.** Please submit questions by completing the form located at <https://eshare.nycha.info/sites/PACT/SitePages/Home.aspx>. Responses to questions from Pre-Qualified Partners will be distributed to the Pre-Qualified Partners List no later than **December 9, 2020**. NYCHA will allow a second window for questions, for which all questions must be submitted by **January 8, 2021 at 5 p.m.** Responses will be distributed to the Pre-Qualified Partners List no later than **January 15, 2021**. Responses may also be posted to the website on an ongoing basis.

Pre-Qualified Partners may alternatively submit questions to pact.partners@nychanyc.gov if there are issues completing the webform.

D. Submission Due Date

Prior to submitting Proposals, Applicants must rank their interest in each Project by completing the web-based Project Preference Ranking Form, as previously described, at <https://eshare.nycha.info/sites/PACT/SitePages/Home.aspx> no later than **5:00 p.m. on December 16, 2020**. Eligible Applicants will be notified by email of the Project(s) they are eligible to submit a Proposal for no later than **December 21, 2020**. Eligible Applicants are required, through the Lead Applicant of the relevant Project Team, to respond to the Notification Email within **one (1) week** after the date the Notification Email is sent and state their intent for each Project for which they are eligible per the aforementioned instructions. After responding to the Notification Email, Eligible Applicants will be provided with further instructions for preparing and

submitting Proposals and scheduling Site Visits. The Proposal(s) must be submitted electronically per the provided instructions no later than **5:00 p.m. on February 18, 2020** (the “Deadline Date”).

No Proposals will be accepted after 5:00 PM on the Deadline Date unless the Deadline Date is extended by NYCHA for all Applicants. NYCHA reserves the right to reject any or all Proposals received under this RFEI.

E. Development Information

NYCHA may provide supplemental materials and data to Applicants to facilitate the development of Project Preference Ranking Forms and subsequent Proposals. RFEI Exhibits and any additional information will be accessed at <https://eshare.nycha.info/sites/PACT/SitePages/Home.aspx> unless otherwise instructed through a notice to Applicants. Subsequent to Project Preference Ranking Process, NYCHA may elect to utilize an alternative method of distributing Property information to Eligible Applicants.

VI. APPLICANT SELECTION CRITERIA & PROCESS

A. Review

After determining which Applicants will be eligible to submit a Proposal for each Project based on Project Preference Ranking Forms, NYCHA will evaluate each Proposal according to the threshold requirements below (“Threshold Requirements”), considering the information provided in the Proposal, references, and any other information about the Applicant’s past performance available to NYCHA through the Pre-Qualification process. Proposals that are not complete or do not conform to the requirements of this RFEI will be deemed non-responsive and eliminated from further consideration, unless NYCHA permits the Applicant to correct the omission (see subsection B below).

Proposals that meet all Threshold Requirements will be comprehensively evaluated, rated, and ranked according to the competitive selection criteria below (“Competitive Selection Criteria”). NYCHA and HDC may request additional information, interviews, presentations, or site visits in their sole discretion. The Designated Project Teams will be chosen from among the Proposals that best conform to the criteria detailed herein. NYCHA may disapprove the inclusion of any member of an Applicant’s Project Team and/or require the Designated Project Teams to substitute other individuals or firms. It is an intention of this RFEI to provide opportunity to a broad and diverse selection PACT Partners. As part of the review process, NYCHA will evaluate the extent to which the designation of the Project Team would expand the number and variety

of Developers, Contractors, and Property Managers with direct experience delivering rehabilitation projects. To this end, Project Teams that do not include Partners selected on PACT rounds closely preceding the issuance of sites per this RFEI will be viewed favorably.

B. Threshold Requirements

- 1. Completeness of Proposal:** The Proposal must contain all documentation required under “Submission Requirements” below. All of the required forms must be fully completed, and application requirements met at the time of submission. Upon review, however, NYCHA, at its discretion, may notify an Applicant that additional information or clarification is necessary and ask the Applicant to submit such information in a timely manner as determined by NYCHA.
- 2. Conformance with RFEI:** Proposal must meet all minimum requirements outlined in this RFEI.
- 3. Ability to Finance:** Applicants must demonstrate adequate financial resources to undertake the Project as described in their Proposal. NYCHA will evaluate the Applicant’s assets, and bank or other lender references, to determine the Applicant’s capacity meet NYCHA’s, HDC’s, and other lender’s equity and guaranty requirements, absorb any cost overruns, and commence and complete rehabilitation of the entire Project in a timely manner.

If an Applicant is given an opportunity to cure a deficiency in meeting one or more of the Threshold Requirements listed above, but does not respond to NYCHA’s request for such cure, or if the Applicant’s response does not sufficiently address the deficiency(ies), the Applicant’s Proposal will not be reviewed under the Competitive Selection Criteria.

C. Competitive Selection Criteria

Proposals that satisfy the Threshold Requirements above will be evaluated, rated, and ranked according to the Competitive Selection Criteria described below. In evaluating Proposals under these criteria, the combined experience and resources of all Principals of the Applicant and proposed Project Team will be considered.

Every Applicant that includes at least one Developer member and/or controlling joint venture partner that is (i) an M/WBE Developer, and/or (ii) a Nonprofit developer as a member of their proposed Project Team, as previously stated, and ensure that these entities have a Meaningful Role as defined herein will be reviewed favorably. The Competitive Selection Criteria are as follows:

Development Experience and Capacity*

** The Applicant will be reviewed based on materials that were previously submitting as part of the Pre-Qualification RFQ. Applicants wishing to submit supplemental materials for projects completed since applying to become a Pre-Qualified Partner may elect to do so as described in Section VII (2)(4) of this RFEI.*

Factors to be considered include, but are not limited to, the following:

- Applicant's financial capacity to undertake the Project;
- Quality of construction and design in projects completed or currently under construction by the Project Team and/or its Principals;
- Extent of the Project Team's experience, in terms of number, size, type, and complexity of rehabilitation projects within the last five (5) years;
- Extent of the Project Team's experience with high-performance and deep energy retrofit projects, specifically with multifamily buildings – including passive house, Net Zero, and HVAC system conversions with tenants in-place;
- Successful and timely completion of tenant-in-place rehabilitation projects of similar size, type, and complexity;
- Experience with securing similar project financing;
- Experience with developing and/or preserving affordable housing projects in partnership with public agencies;
- Experience with engaging resident, community, and municipal stakeholders.
- Applicants are encouraged to form partnerships and assemble teams in order to supplement internal capacity;
- Experience with similar large-scale affordable, RAD, or Section 8 developments;
- Inclusion of a Nonprofit developer, with a Meaningful Role, within the Project Team;
- Inclusion of a Small-Scale entity, with a Meaningful Role, within the Project Team;
- Inclusion of an M/WBE entity, with a Meaningful Role, within the Project Team;
- Experience in harmonious and successful labor relations and lack of negative labor issues;
- Note on design experience;
- Current workload (including active projects in predevelopment with NYCHA), staff capacity, and other pending project obligations and their potential impact on the ability of the Project Team to complete the Project within the prescribed timeframe; and,
- Proven track record of delivering high quality projects on time and within budget.

Property Management Experience and Plan*

** The Applicant will be reviewed based on materials that were previously submitting as part of the Pre-Qualification RFQ. Applicants wishing to submit supplemental materials for additional management experience since applying to become a Pre-Qualified may elect to do so as described in Section VII (2)(4) of this RFEI.*

Factors to be considered include, but are not limited to, the following:

- Experience managing tenant-in-place rehabilitation, including experience with temporary resident relocation;
- Experience managing similarly sized affordable housing properties, including Section 8 PBV projects;
- Experience managing public housing, mixed-finance public housing, LIHTC properties, and/or RAD projects, including demonstrated compliance with applicable regulations not limited to the New York City Housing Maintenance Code, HQS, and those related to HOME and LIHTC compliance;
- Experience in harmonious and successful labor relations and lack of negative labor issues;
- Experience managing and providing social services;
- Experience managing community facility spaces, as applicable;
- Experience managing commercial spaces, as applicable;
- Experience managing affordable housing in New York City and/or relevant comparable markets;
- Experience in harmonious and successful labor relations and lack of negative labor issues;
- Quality of proposed tenant transition property management plan; and,
- Quality of proposed resident protection plan for the proposed tenant-in-place rehab.

Financial Proposal

Factors to be considered include, but are not limited to, the following:

- Meeting all capital needs of the relevant Project;
- Minimizing reliance on City and other public subsidies;
- Adherence to the terms outlined in the PACT Underwriting Guidelines and RFEI requirements, including assumed 50% split of Developer Fee and ongoing Cash Flow;
- Reasonableness of estimated rehabilitation and operating costs, including the construction costs of the Proposed Rehabilitation Scope of Work;
- Cost containment, efficiency, and risk of financing;
- Proposed equity contributions; and,
- Return to NYCHA, including proposed lease payments and fees.

Quality of Proposed Rehabilitation

Factors to be considered include, but are not limited to, the following:

- Satisfactory demonstration that the Proposed Rehabilitation Scope of Work fully addresses the 20-year capital needs of the Properties, meets the sustainability requirements as proposed herein, and demonstrates a commitment to perform work on every residential unit in a safe and timely manner;
- The extent to which the Proposed Rehabilitation Scope of Work includes additional improvements to the Properties beyond meeting the required 20-year capital needs, such as improved safety and security improvements, site improvements, and additional residential amenities;
- The extent to which such Proposed Rehabilitation Scope of Work is feasible, expeditious, and cost efficient;
- The level of detail provided on the proposed finishes and treatments, any proposed modifications to circulation and lobbies, improved amenities; and the quality of building materials proposed;
- The Proposed Rehabilitation Scope should identify and propose site improvements that adhere to the principles and spirit of the Connected Communities Guidebook; and,
- The Proposed Rehabilitation Scope of Work should identify improvements to both community facility and commercial spaces, as applicable.

Resident Engagement Plan

Factors to be considered include, but are not limited to, the following:

- Strength and quality of the proposed Resident Engagement Plan, including demonstrated experience with community planning and tenant outreach and engagement;
- Familiarity with NYCHA tenant issues and concerns regarding PACT;
- The extent to which the proposed Resident Engagement Plan incorporates best practices and creative ideas to ensure a multi-faceted, broad, and inclusive strategy; and,
- The extent to which the proposed Resident Engagement Plan considers alternative forms of engagement and processes and protocols to ensure the health and safety of NYCHA residents, NYCHA staff, and Project Partner staff (i.e., with the goal of minimizing exposure to COVID-19).

D. Selection

Selection of an Applicant under this RFEI means only that NYCHA will commence negotiations with such Applicant regarding the Proposal for the Project. This RFEI does not represent an obligation or agreement on the part of NYCHA.

- 1. Conditional Designation Letter:** Upon such selection, NYCHA will send written notification (“Conditional Designation Letter” or “Letter”) to the Designated Project Teams regarding the commencement of negotiations.

NYCHA reserves the right to negotiate with one or more Applicants (including simultaneously), to modify the scope of the Proposal, and to terminate negotiations with or without cause after the issuance of such Conditional Designation Letter.

- 2. Predevelopment Timetable:** The Conditional Designation Letter will include a development schedule setting out the major milestones and timeframes necessary to start construction (“Development Schedule”). Failure of the Designated Project Teams to follow the Development Schedule may result in the termination of negotiations and the selection of another Applicant to be the Designated Project Teams. The Designated Project Teams will be expected to commence predevelopment work upon execution of the Conditional Designation Letter, which will further detail the specific milestones.
- 3. Disclosure:** Any Designated Project Teams who receives a Conditional Designation Letter from NYCHA must disclose all previous participation in NYCHA and City-assisted projects. All entities of the Designated Project Teams and Principals thereof will each be required to submit completed Entity and Individual Disclosure Statements, forms of which will be forwarded by NYCHA and/or HDC to the Designated Project Teams. NYCHA and/or HDC, who will be handling this component of the PACT process, will provide copies of these forms upon request to any Applicant.

VII. SUBMISSION REQUIREMENTS

A. Project Preference Ranking Form

Interested Applicants are required to form Project Teams and rank each Project in order of interest by completing the web-based Project Preference Ranking Form located at the PACT Procurement Site here (<https://eshare.nycha.info/sites/PACT/SitePages/Home.aspx>) no later than **December 16, 2020 at 5:00 PM**. Applicants will receive a confirmation email notifying them that their submission was received. If the confirmation shows that a submission was made in error, or if any assistance is needed, please email pact.partners@nycha.nyc.gov.

For the purpose of submitting a Ranking Form, an Applicant’s Project Team must consist of at least one Developer, one Property Management Company, and one General Contractor, although

Applicants may include multiple entities for each category in their Project Team. The Developer entity (or Developer entities if a joint venture with more than one managing member has been formed) on the Project Team will be considered the Lead Applicant. The Lead Applicant will be the primary point of contact when processing the Ranking Form submissions and determining which Project(s) an Applicant is eligible to submit a Proposal for. Developer entities intending to form joint ventures should prepare and submit one Ranking Form per joint venture. Please provide any additional details about proposed joint ventures such as percentage ownership, or any other pertinent information about the proposed Project Team, in the provided text box on the web-form.

Pre-Qualified Developers may only be part of one Project Team for the purpose of submitting a Ranking Form, and Developers will not be allowed to be part of multiple Proposal submissions for the same Project. Pre-Qualified Property Management Companies and General Contractors may be part of more than one Project Team per Project and may be involved in multiple Proposals for the same Project.

Project Preference Ranking Process and Notification

Each Applicant that has completed the Ranking Form will have their ranked choices reviewed and processed to determine which Project(s) they will be eligible to submit a Proposal for. There will be a maximum of four Applicants eligible to prepare and submit a Proposal for each of the Projects. Applicants will receive a Notification Email detailing the Project(s) they are eligible to submit a Proposal for no later than December 21, 2020. Eligible Applicants are required to respond to the Notification Email within one week notifying NYCHA of their intentions, as dictated within this RFEI. Eligible Applicants will have until February 18, 2020 to submit their Proposals.

Proposal Submission

Eligible Applicants must submit all forms and supporting documentation as described below in order for their Proposal(s) to be considered by NYCHA. Applicants eligible to submit a Proposal as a result of Project Preference Ranking Process will be notified of additional submission instructions after they have responded to the Notification Email. NYCHA will utilize the Lead Applicant contact information provided in the Ranking Form to communicate additional submission instructions to the Applicant. All submissions become the property of NYCHA.

Proposals must be submitted to NYCHA electronically through NYCHA's SharePoint system by **February 18, 2020 at 5 p.m.** NYCHA will provide all Applicants with access to the appropriate folder in advance of submission. Due to health and safety concerns related to COVID-19, NYCHA

will not be accepting physical submissions, if this poses a challenge for your organization, NYCHA will work with the Applicant on an appropriate alternative.

The proposal should be submitted in a single PDF document combining all contents of their submission in the order described below. The maximum file size for a single document submission is 100MB. If your full proposal is larger than this, please segment your electronic submissions into smaller components to comply with this limit. Portions of the Proposal such as the Proposed Rehabilitation Scope of Work and rental pro forma should be included in the single PDF file as well as submitted as a standalone Excel file to facilitate review. The Proposals must contain a cover page showing the following information: **NYCHA PACT Partners Round 9 RFEI**, name of each entity in the Project Team, contact information for the Applicant's primary point of contact, and date of submission. Each Proposal must be tabbed as indicated below.

As part of its Proposal, the Applicant must complete and submit the following forms under the appropriate tab per the below. These forms can be found in Exhibit L. In light of the electronic-only release of this RFEI, submissions may be signed by electronic signature, which shall have the same force and effect as an original signature.:

Exhibit L

- Form 1: Applicant's Letter
- Form 2: Applicant Description

Please note that an Applicant's private equity partners who have at least a 10% ownership interest in the Applicant are required to submit the same documentation as the Applicant, as applicable.

B. Contents of Proposal and Tabbing

1. **TAB A – Narrative Overview** (Maximum 15 pages)

The Applicant must provide a narrative that describes their Proposal. The Applicant's narrative must summarize the rehabilitation, and property management plans for the Properties, and how these plans will comply with the requirements of this RFEI. In doing so, the Applicant must demonstrate its understanding of the requirements hereunder and its commitment to complete and operate the Project in accordance with the requirements of this RFEI.

In addition to a full description of the Applicant's Proposal, the narrative must include an overview of an asset rehabilitation and management plan that details:

- a. budgeting and schedule for the Proposed Rehabilitation Scope of Work;
- b. property management plans outlining the specific methods that will be used to address elevator outages, mold, lead paint abatement, pest management, and heating outages;
- c. property management plans to reduce and control operating costs;
- d. resident engagement and transition plans;
- e. Project-Based Section 8 compliance plans;
- f. training and hiring plans for NYCHA residents;
- g. proposed budget/funding for social services plan, to be devised after designation.

Applicants are encouraged to include any information that would be helpful to NYCHA in the review process, such as projects that the Applicant has developed in the vicinity of the Properties or clarification of information provided in the NYCHA forms included in the Proposal. This narrative must include an anticipated date for executing final Project documents at a construction closing.

2. TAB B – Applicant Description (Maximum 10 pages)

The Applicant must complete and include **Exhibit L** in Tab B. If the Applicant is a joint venture, the Principals of each entity that comprises the joint venture must be identified, and a Principal of each entity must sign Exhibit L Form 2.

The Applicant must identify all firms included on the Project Team and their roles. The Applicant must provide a staffing plan indicating which Principals and staff members would have primary responsibilities for implementing the Project and their roles in the day-to-day management of the Project. For each team member, the Applicant must provide the lead contact person, title, telephone number, email address, and physical address of the office from which services will be provided. If not already submitted during the Pre-Qualification RFQ, The Applicant must provide brief profiles of the team members’ Principals, supporting associates, and staff to be primarily assigned to the Project. This information must specify each team member’s role, existing workload, and previous experience with similar projects, but should be as brief as possible. The description provided herein should demonstrate the extent to which a Project Team member has a Meaning Role on the Project Team, to the extent applicable.

The Applicant must include a chart or diagram explaining the intended form and structure of, and proposed partnership or joint venture for, the Project Team, including Principals. The structure and percentages of ownership and investment must be included.

3. TAB C – Rehabilitation Proposal

The Applicant must submit its Proposed Rehabilitation Scope of Work. The Proposed Rehabilitation Scope of Work must include a narrative describing the proposed rehabilitation scope in addition to completing the relevant tabs in the Scope of Work Template provided as Exhibit A, which consists of an itemized breakdown of work to be completed at the Properties. Applicants must complete the Scope of Work Template in the format provided per the Instructions Tab in Exhibit A. The Proposed Rehabilitation Scope must address all items identified in Exhibit A. Applicants may propose changes to the quantities and work types identified in Exhibit A and must provide a justification and explanation for any proposed changes per the Instructions Tab in Exhibit A. Upon receipt and instruction from NYCHA, Applicants will be required to ensure that the totality of work to be performed at the Property as identified in the RAD CNA and Obsolescence Report is entered into their Exhibit A submission per the Instructions Tab as Additional Scope Items. The Applicant must provide an explanation for the source of its construction cost estimates in their narrative proposal. Applicants should include a copy of the Scope of Work Template in the combined PDF as well as submit a standalone Excel file as part of their submission.

Additionally, the Rehabilitation Proposal shall include a narrative as to the feasibility of the Rehabilitation Scope of Work and how it will improve the lives of residents. Specifically, the narrative must address the factors identified in “Competitive Selection Criteria” with respect to the quality of the Applicant’s Proposed Rehabilitation Scope of Work and must include a predevelopment and construction schedule covering all project milestones. The Proposed Rehabilitation Scope of Work should contemplate any historic preservation and known lead-abatement work that may be required. The Proposed Rehabilitation Scope of Work must clearly state how the Applicant will address issues related to building elevators, mold, pests, and heating systems through rehabilitation and ongoing maintenance. Additionally, Applicants must ensure that the proposed rehabilitation scope meets or exceeds the 60% HCC requirements in the RAD underwriting scenario or at least 62.5%, for elevator buildings, or 57.14%, for walk up buildings, of the HUD-published Total Development Cost (“HUD TDC”) threshold in any Section 18 underwriting scenario.

At a minimum, please address the following scope sections in your narrative and corresponding values in the Scope of Work Template. Pending team designation, these narrative sections and related scope items will be periodically updated to reflect project compliance. Scope narrative sections shall include: 00_Overview; 01_Sites + Grounds; 02_Apartments; 03_Buildings (Exterior + Structural); 04_Common Space (Building Interior); 05_Systems (Conveying + Electrical + Mechanical); 06_Energy, Health, and Sustainability (including Enterprise Green Communities); 07_Lead; 08_Mold; 09_Asbestos; 10_Hazardous

Materials (site); 11_Pests & Waste Management; 12_Elevators; 13_Heating; 14_Accessibility; 15_Connected Communities Guidelines & NYCHA Design Guidelines; 16_SHPO/LPC (where applicable).

4. TAB D – Development Experience, Management Experience, and Current Workload
(Maximum 10 Pages)

The Authority will utilize materials submitted as part of the Pre-Qualification process to assess an Applicant’s Residential Development and Management Experience. Entities part of the proposed Project Team that have completed additional affordable housing development projects or added units to their management portfolio since applying to become a Pre-Qualified Partner may submit supplemental material.

Current Workload

Each Principal of the Pre-Qualified Developer, Pre-Qualified General Contractor, and Pre-Qualified Property Management Company of the proposed Project Team must list all projects in which s/he/they is involved that will coincide with the timing of the construction closing on and rehabilitation and operation of the Project.

The Applicant may also submit any additional information related to the Proposal that the Applicant wishes to include but that has not been specifically requested in this RFEI. This section of the Proposal may include articles, pre-printed brochures, and other material not specifically prepared for the Proposal in response to this RFEI, but that the Applicant believes will help NYCHA evaluate the Applicant’s qualifications and Proposal. All materials must be in a format that can be included under Tab D. Applicants must also disclose all previous participation in NYCHA and City-assisted projects. This information should be included as an Exhibit in an Appendix.

5. TAB E – Resident Engagement Plan (Maximum 10 Pages)

Applicants must prepare a comprehensive Resident Engagement Plan that describes an approach, timeline, and strategies for communicating and engaging with residents and Tenant Association leadership both during the predevelopment process and following conversion. The Plan should also include a description of any staff, budget, or other resources that will be dedicated to support resident engagement efforts.

Resident engagement and participation is expected to shape project plans, including the Rehabilitation Scope of Work, property management approach, Social Services Plan, and

other investments. See Exhibit T for further guidance on engaging with residents during the predevelopment period. Applicants are expected to expand upon this guidance with creative strategies and tailor their approach to the needs of each development.

In addition, Applicants must describe a plan for regular engagement and communication with residents and Tenant Association leadership following conversion, including, for example, meeting frequency and tactics for soliciting tenant complaints and resolving issues.

Applicants are encouraged to form partnerships and assemble teams in order to supplement internal capacity. Project Teams will be required to craft and deliver professional, customer service-oriented, and culturally sensitive outreach and communications strategies.

6. TAB F – Financial Proposal

Applicants must include a rental pro forma (in the provided format in Exhibit F) and submit a detailed written financing narrative, which demonstrates compliance with this RFEI and explains the proposed funding sources and overall approach.

7. TAB G – Assets and Financial Statements*

**The Authority will utilize materials submitted as part of the Pre-Qualification process to assess an Applicant's Assets and Financial Statements. Entities part of the Project Team with material changes may submit supplemental material explaining significant any changes, otherwise Applicants may consider TAB E not applicable.*

VIII. CONDITIONS, TERMS, AND LIMITATIONS

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

1. Proposals submitted shall be deemed to incorporate all of the terms and conditions contained in this RFEI. Applicants will be deemed to have consented to such terms by submitting a Proposal in response to this RFEI.
2. The Properties will be leased in “as-is” condition and NYCHA requires the Designated Project Teams to assume the obligation to remediate any environmental contamination, cure any violations, correct any certificates of occupancy, indemnify NYCHA for any claims that may be made against them in the future, and release NYCHA from any claims that the Designated Project Teams or their affiliates may have in the future arising out of the condition of the Properties. NYCHA, or any of its respective officers, agents, and employees, make no representation whatsoever as to the physical condition of the

Properties or their suitability for any specific use. All due diligence is the responsibility of the Applicants and Applicants are urged to satisfy themselves with respect to the condition of the Properties, the information contained herein, and all limitations or other arrangements affecting the Properties. NYCHA will not be responsible for any injury or damage arising out of or occurring during any visit to the Properties.

3. The proposed Project shall conform to, and be subject to, the provisions of the New York City Zoning Resolution, the New York City Building Code, and all other applicable laws, regulations, and ordinances of all Federal, State, and City authorities having jurisdiction, as the same may be amended from time to time.
4. Valid permits and approvals, as required by City, State, and Federal agencies, shall be obtained by the Designated Project Teams prior to commencing work.
5. The commencement of negotiations with an Applicant will depend on satisfaction of the documentation and review requirements described in this RFEI and will be subject to review by NYCHA. The continuation of negotiations with an Applicant may depend on the Applicant's provision of additional documentation as required by NYCHA.
6. NYCHA will lease the Properties pursuant to approval from HUD, and all documentation, including, but not limited to, the Lease, shall be in form and substance satisfactory to NYCHA, HDC, and HUD.
7. An Applicant submitting a Proposal in response to this RFEI may be rejected if it or, if the Applicant is a business entity, any of its Principals is determined, in NYCHA's sole discretion, to be within a category of persons or entities with whom or which the City, HDC, or NYCHA will not generally do business. The Applicant and all officers and Principals thereof will be required to complete a background questionnaire and shall be subject to sponsor review and investigation by HDC, and the New York City Department of Investigation. Any designation may be revoked in NYCHA's sole discretion in the event any derogatory information is revealed by such investigation.
8. No commission for brokerage or any other fee or compensation shall be due or payable by NYCHA, and the submission of a Proposal will constitute the Applicant's undertaking to indemnify and hold NYCHA 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 Applicant, the selection of the Applicant's submission and invitation to the Applicant to respond to this RFEI, or the conditional selection of an Applicant pursuant to this RFEI.

- 9.** The Applicant will not engage in any scheme or practice that seeks to solicit, pay, or receive as payment, or to deliver to anyone, any sum or thing of value (including, without limitation, the performance of any service) that may constitute or be construed as a bribe, kick-back, or other inducement that in any manner may prejudice NYCHA's interests or compromise the duty owed by anyone to NYCHA.
- 10.** NYCHA is not obligated to pay, nor shall NYCHA in fact pay, any costs or losses incurred by any Applicant at any time, including any costs incurred by the Applicant in connection with the Applicant's response to this RFEI.
- 11.** The Designated Project Teams, and in the event that the Designated Project Teams is a joint venture, each member of that joint venture, jointly and severally, shall forever defend, indemnify, and hold harmless NYCHA and its directors, members, principals, officers, agents, representatives, affiliates, and employees from and against any and all obligations, liabilities, claims, demands, penalties, fines, settlements, damages, costs, expenses, and judgments of whatever kind or nature, known or unknown, contingent or otherwise arising from the Project, including, without limitation, personal or bodily injury (including death) of or to any person or persons, including, without limitation, from or related to the presence, release, storage, transportation, or disposal of hazardous materials, or any damage to property of any nature.
- 12.** No member of, or delegate to, the Congress of the United States or the New York State or City government, or resident commissioner, shall be permitted by the Applicant to share in any part of the Project or in any benefit that may arise from the Project.
- 13.** NYCHA, HUD or any other federal, state or local agency providing funds to NYCHA, the New York City Comptroller, the New York City Department of Investigation, and the Comptroller General of the United States shall have the right to perform an audit of the Designated Project Teams' finances and the books and records related to its performance under the Project, including, without limitation, the financial arrangement with anyone that the Designated Project Teams may delegate to discharge any part of its obligations with respect to the Project.
- 14.** The selection of an Applicant will mean only that NYCHA may commence negotiations with that Applicant regarding its Proposal for the Project. NYCHA will send the Conditional Designation Letter to the Designated Project Teams. The Designated Project Teams must begin predevelopment work upon execution of the Conditional Designation

Letter. The Designated Project Teams will be expected to start construction on the day specified in the Development Schedule contained in the Conditional Designation Letter. However, the Designated Project Teams must commence construction no later than the sooner of thirty (30) days after construction closing or twelve (12) months from the date of the Conditional Designation Letter. NYCHA may terminate further negotiations with the Designated Project Teams if it fails to meet such deadlines, and if such termination occurs, the Designated Project Teams has no claims against NYCHA for any damages or rights of enforcement.

- 15.** NYCHA is under no legal obligation to lease the Properties. NYCHA may use the Proposals submitted pursuant to this RFEI as a basis for negotiations with Applicants as NYCHA deems appropriate. NYCHA may reject at any time any or all Proposals; may amend, modify or withdraw this RFEI in whole or in part; may negotiate with one or more Applicants; and/or may negotiate and lease the Properties on terms other than those set forth herein (including to parties other than those responding to this RFEI). NYCHA may also, at any time, waive compliance with, or change any other terms and conditions of, this RFEI; entertain modifications or additions to selected Proposals; or withdraw or add individual Properties or parcels from or to this RFEI if in NYCHA's judgment it is in the best interests of NYCHA to do so.
- 16.** Selection of an Applicant's Proposal will not create any rights on the Applicant's part, including, without limitation, rights of enforcement, equity, or reimbursement, such rights only being created after the approvals of HUD and NYCHA, and the Lease and all related documents (the "NYCHA Documents") are fully approved and executed. Until such approvals and execution of the NYCHA Documents, NYCHA may terminate negotiations with the Designated Project Teams at any time without incurring any obligations to the Designated Project Teams.
- 17.** In the event of any variance between the terms of this RFEI and the NYCHA Documents, the terms of the NYCHA Documents will govern.
- 18.** All determinations as to the completeness or compliance of any Proposals, or as to the eligibility or qualifications of any Applicant, will be within the sole discretion of NYCHA.
- 19.** All Proposals and other materials submitted to NYCHA 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 Applicant submitting a Proposal must designate those portions of the Proposal that it believes are exempt from FOIL. This

characterization shall not be determinative but will be considered by NYCHA when evaluating the applicability of any exemptions in response to a FOIL request.

IX. CONFLICTS OF INTEREST

Current or former employees of the City of New York may respond to this RFEI only in accordance with the section(s) of Chapter 68 of the New York City Charter governing conflicts of interest affecting City personnel. Section 2604(b)(7) of the City Charter contains specific prohibitions that exclude enumerated groups of employees from participating in the sales process. In addition, current NYCHA employees may not respond to this RFEI.

Persons in the employ of the City considering the submission of a Proposal in response to this RFEI are advised that opinions regarding the propriety of their participation in the Project may be requested from the New York City Conflicts of Interest Board. This body is empowered, under Section 2602 of the City Charter, to issue advisory opinions on conflict of interest questions and other matters of ethical consideration. It is not necessary, however, that such an opinion be obtained prior to responding to this RFEI.

Former employees of the City of New York or NYCHA are also advised that the City Charter imposes certain restrictions on post-employment business relationships with the City. Such individuals should consult the specific provisions on this issue contained in the City Charter.

If, after award, the Designated Project Teams discovers an organizational conflict of interest with respect to the NYCHA Documents or the Project, the Designated Project Teams shall make an immediate and full disclosure in writing to NYCHA, which shall include a description of the action that the Applicant has taken or intends to take to eliminate or neutralize the conflict. NYCHA may, however, terminate negotiations with the Designated Project Teams if it would be in the best interest of NYCHA to do so.

X. CONFIDENTIALITY

Certain information that NYCHA may furnish in connection with this RFEI may be labeled as confidential and must be treated as proprietary information of NYCHA by each recipient of this RFEI. By the Applicant's receipt of this RFEI, the Applicant agrees not to (a) disclose any part or all of such confidential information furnished to the Applicant pursuant to this RFEI to any party, including, without limitation, any law firm or any corporate or government office, except to the extent essential to the preparation of the Proposal, and to secure from any party to whom a disclosure is made under this provision a confidentiality agreement, executed prior to any such

disclosure, in which the recipient agrees to keep confidential and to not disclose any such confidential information to any other party (a “Confidentiality Agreement”), and (b) use such information for any purpose other than to prepare a response to this RFEI. Such Confidentiality Agreement must name NYCHA as an intended third-party beneficiary with the right to enforce all remedies in an event of any such breach or unauthorized disclosures.

The Applicant must clearly designate in its Proposal those portions of the Proposal, if any, that the Applicant believes are trade secrets or are maintained for the regulation of commercial enterprise that, if disclosed, would cause substantial injury to the competitive position of the Applicant. To the extent the law permits (i.e. Section 89 of the New York State Public Officers Law), NYCHA will use reasonable efforts to hold the designated portions of the Proposal in confidence but such characterizations are not determinative when NYCHA is evaluating the applicability of any exemptions in response to a FOIL request.

XI. INVESTIGATIONS AND TERMINATION

All Applicants agree and the Designated Project Teams agrees to fully and faithfully cooperate with any investigation, audit or any inquiry by any governmental authority or agency that is empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath, or conducted by the Inspector General of NYCHA with respect to the Project, submitted Proposal, NYCHA Documents, or person dealing with NYCHA that is the subject of the investigation, audit or inquiry.

- 1.** If any person who has been advised that his or her statement, and any information from such statement, will not be used against him or her in any subsequent criminal proceeding refuses to testify before a grand jury or other governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath concerning the award of or performance under any transaction, agreement, contract, lease or license entered into with NYCHA, the City, the State, or any political subdivision or public authority thereof, or the Port Authority of New York and New Jersey, or any local development corporation within the City, or any public benefit corporation organized under the laws of the State of New York, or
- 2.** If any person refuses to testify for a reason other than the assertion of his or her privilege against self-incrimination in an investigation, audit or inquiry conducted by a City or State governmental agency or authority empowered directly or by

designation to compel the attendance of witnesses and to take testimony under oath, or by the Inspector General of NYCHA, and is seeking testimony concerning the award of, or performance under, any transaction, agreement, contract, lease or license entered into with NYCHA, the City, the State, or any political subdivision thereof or any local development corporation within the City, then:

NYCHA has the right to terminate or cancel the NYCHA Documents or withdraw any conditional designation or reject any Proposal that the refusal(s) to testify concerns or to take other appropriate action, without NYCHA incurring any penalty or damages on account of such cancellation or termination.

In addition, NYCHA, may in its sole discretion terminate the NYCHA Documents or withdraw any conditional designation or reject any Proposal in the event the Applicant or Designated Project Teams fails to promptly report in writing to the Commissioner of the Department of Investigation of the City of New York any solicitation of money, goods, requests for future employment, or other benefit or thing of value, by or on behalf of any employee of NYCHA or other person, firm, corporation or entity for any purpose that may be related to the procurement under this RFEI, or affecting the performance of the Project to be done pursuant to this RFEI.

XII. NEW YORK LAW

The NYCHA Documents shall in all respects be governed and construed in accordance with the laws of the State of New York. Any and all proceedings relating to the NYCHA Documents must be maintained in the state courts sitting in the City and County of New York, which courts have exclusive jurisdiction for such purpose; provided, however, that if any such action or proceeding arises under the Constitution, laws or treaties of the United States of America, or if there is a diversity of citizenship between the parties thereto, or any other causes establishing federal jurisdiction, so that it is to or may be brought in the United States District Court, it shall be brought in the United States District Court having jurisdiction in the City and County of New York.

XIII. DISCLAIMER

NYCHA does not make and specifically negates and disclaims any representations, warranties, promises, covenants, contracts or guarantees of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning or with respect to the Properties including, without limitation, the following: (a) the value of the Properties; (b) the income to be derived from the Properties; (c) the nature, quality or condition of the Properties, including, without limitation, the manner, quality, state of repair or lack of repair of the Properties and the water, soil and geology thereof and any drainage from or onto the Properties; (d) the conformity of the Properties to any plans or specifications therefor; (e) the compliance of or by the Properties or their operation with any legal requirements including, without limitation, the Americans with Disabilities Act; any zoning rules, regulations, plans or resolutions; any applicable federal, state or local landmark designations; any loft board control, rent control, rent stabilization and/or any other rent regulation or requirements; and any rules and regulations promulgated under or in connection with any of the foregoing; (f) the habitability, merchantability or fitness for a particular purpose of the Properties; (g) the current or future real estate tax liability, assessment or valuation of the Properties; (h) the availability or unavailability or withdrawal or revocation of any benefits or incentives conferred by any federal, state or municipal authorities; (i) the fact that all or a portion of the Properties may be located on or near a flood plain or an earthquake fault line; (j) any other matter with respect to the Properties; or (k) the accuracy of any exhibit or information provided relating to the Properties.