

**REQUEST FOR QUALIFICATIONS**

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**MITCHELL-LAMA RENTAL PROJECT PRESERVATION  
PURCHASERS RFQ**

**NEW YORK STATE HOMES AND COMMUNITY RENEWAL**

Issue Date: September 20, 2018  
Initial Submission Deadline: November 2, 2018

**Andrew Cuomo  
Governor**

**RuthAnne Visnauskas  
Commissioner & CEO**

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## I. INTRODUCTION

Article 2 of the Private Housing Finance Law of New York State (“The Mitchell Lama Law”) provides for the creation of not-for-profit housing companies with a sponsoring organization to own and operate Mitchell-Lama rental projects (See, *Private Housing Finance Law §13(17)*).

Through this Request for Qualifications (“RFQ”), HCR seeks to establish a list of entities (“Qualified List”) that HCR designates as qualified to acquire non-profit owned Mitchell-Lama rental projects (“Qualified Preservation Purchaser”). Qualified Preservation Purchasers may be not-for-profit or for-profit organizations and must have the legal authority and a demonstrated capacity to maintaining the long-term physical and financial viability, regulatory compliance and responsible supervision of affordable housing.

The objective of this RFQ is to create a resource so that HCR may refer prospective sponsor-sellers of Mitchell-Lama rental projects, and others as deemed appropriate, to the Qualified List, where the original sponsor organization is unwilling or unable to continue to operate as affordable housing pursuant to the Mitchell-Lama law.

Qualified Preservation Purchasers may apply for financing through the preservation programs listed on HCR’s website as well as through other financing agencies. Preservation Projects funded through an HCR or other preservation program will follow the applicable programmatic guidelines for each such program.

The initial submission deadline is November 2, 2018. HCR expects to publish a list of Qualified Preservation Purchasers based on the initial application round and will accept additional applications on a rolling basis.

HCR reserves the right to amend the Qualified List at any time. HCR may periodically request updated information from Applicants appearing on the Qualified List.

It is important to note that Applicants appearing on the Qualified List are not guaranteed an opportunity to purchase a Preservation Project.

## II. QUALIFICATION REQUIREMENTS

Applicants must submit a full response to this RFQ and meet the minimum criteria set forth herein to be further considered for inclusion on the Qualified List. Applicants must also demonstrate they have the legal authority, experience and capacity to become a Qualified Preservation Purchaser. HCR will notify all Applicants as to whether they meet the qualification requirements for a Qualified Preservation Purchaser.

### A. Completeness of Qualifications

Interested Applicants must submit their qualifications in accordance with the instructions and forms contained in Section III and Appendix B. Applicants that submit qualifications that are not complete or do not conform to the requirements of this RFQ may be eliminated from further consideration. Upon review, HCR, at its discretion, may notify an Applicant that additional information or clarification is necessary. Such additional information may include the completion of disclosure statements concerning the Applicant and its principals and/or officers. An Applicant's submission of qualifications will be considered as permission for HCR to make such inquiries concerning the Applicant as HCR deems necessary.

### B. Experience and Capacity

HCR will determine if Applicants meet minimum qualification requirements based on the criteria specified in Section III. HCR will only consider Applicants that demonstrate the requisite experience and capacity required to acquire, rehabilitate, refinance, and preserve the long-term affordability of occupied or vacant multifamily buildings. An Applicant's experience as demonstrated in the application should include the completion of construction or rehabilitation projects or acquisitions of property that are operating successfully. It is preferred that Applicants have completed a project in the last five years but Applicants with a track record of successful development may still be considered. In order to remain qualified, Applicants must continue to meet the minimum criteria set forth in this RFQ.

### C. Adverse Findings

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

- Past or pending government or private mortgage foreclosure proceedings, notice of default, or arrears with respect to any property owned or managed by the Applicant.
- Past or pending governmental tax or lien foreclosure, substantial tax arrears or bankruptcy or insolvency.
- Findings of tenant harassment or a pending case of harassment.
- Arson, fraud, bribery, or grand larceny conviction or a pending case.
- Past or pending default on any obligation to, unsatisfied judgment or lien held by, or contract with any governmental agency.
- Past or pending suspension, debarment, or finding of non-responsibility by any government agency.
- A past or pending voluntary or involuntary bankruptcy proceeding.
- False information or failure to disclose information
- The sale of HCR regulated affordable housing at pricing and/or to an owner not approved by HCR
- Violation of any anti-discrimination or fair housing laws, rules or regulations.

### III. EVALUATION CRITERIA

HCR will evaluate an Applicant's cover letter, their completed Statement of Qualifications (see Appendix B) and any additional documentation or responses required by this RFQ to determine whether an Applicant will be placed on the Qualified List.

Applicants will be evaluated based on the following criteria.

#### A. Affordable Housing Acquisition, Renovation and Development Experience

1. **Quality, efficiency, and timeliness of completed rehabilitation projects (including those where the applicant acquired property)** Demonstrate the ability to obtain construction and permanent financing for affordable or subsidized housing projects and either directly provide all necessary guaranties or partner to do so; successfully acquire and preserve property; manage construction of moderate to substantial rehabilitations while complying with all applicable local, state and federal laws, rules and regulations, including but not limited to any energy efficiency and persons with disabilities requirements; carry out rehabilitation with tenants in place; provide temporary relocation resources for tenants during the period of construction (where applicable); manage the needs of vulnerable populations during rehabilitation (where applicable); successfully complete construction and convert projects to permanent financing in a timely manner.
2. **Development Team Experience & Capacity** The Applicant must demonstrate experience owning/sponsoring and managing government subsidized and regulated buildings. HCR shall consider the experience of the principal members (i.e. equity participants, managing partners, etc.) and senior staff. Consideration will be given to all experience within the affordable housing industry, however experience acquiring, sponsoring, rehabilitating, owning and/or managing properties is the primary focus, with a preference for recent experience.

#### B. Portfolio Management

The Applicant must resolve any of the following issues before being considered or explain the reasons for the issue and the specific actions being undertaking to resolve each such issue, as part of a response to this RFQ.

1. **Municipal Charges** All buildings managed or owned by the Applicant's development team must be current with all real property taxes and water and sewer charges and have no material arrearages or have entered into, and be in compliance with, payment agreements for all outstanding taxes, water and sewer charges and/or material arrearages.
2. **Mortgage Payments** All buildings owned or managed by the Applicant's development team must be current with all mortgage payments including but not limited to mortgages held by HCR or other City, State, or Federal entities.
3. **Housing Maintenance/Building Code Violations** All buildings owned or managed by the Applicant's development team must not have any substantial record of serious Building Code or Housing Maintenance Code violations (or must provide proof that an owner has demonstrated continuing good faith efforts to address outstanding violation that remain on record). In New York City, the threshold criteria is less than

one (1) class B and/or C Housing Maintenance Code violation per dwelling unit, with competitive points awarded to applicants with fewer violations. If the Applicant's development team has acquired a distressed building(s) in the last two years, Applicant should provide notes on progress in substantially reducing the number of Housing Maintenance Code Violations in the property.

4. **Regulatory Compliance** Buildings owned or managed by applicant's development team should have no material compliance issues including Section 42 LIHTC non-compliance (8823s), HCR, HPD, HUD or other government agency's regulatory restrictions and/or mortgage/deed restrictions and have no past or current recapture or foreclosure actions against owned properties. Applicants must be in good standing with DHCR/HTFC's Office of Integrated Housing Management ("OIHM") and HFA's Asset Management Unit. Applicants should indicate if they have received certification from the Consortium of Housing and Asset Management (CHAM) or similar organization.

### **C. Financial Capacity**

HCR will evaluate the Applicant's ability to obtain financing (including acquisition and take out financing), meet term sheet equity requirements, and provide construction completion guaranties. To this end, HCR will review the Applicant's assets and liabilities, credit history, financial records, and bank and other references.

HCR's criteria must be met for inclusion on the Qualified List. However, private lenders may have separate standards that must be met. Please note that the inability to secure acquisition or construction financing from an appropriate lender may be grounds for removal from the Qualified List.

### **D. Property Manager, Management Plan and Operations**

Applicants must provide a current management plan for the operation of government subsidized and regulated projects. In addition, the Applicant must identify the property manager (whether an affiliate or an independent third party) that they would use to manage a Preservation Project. This proposed property manager should be identified as a member of the development team in the application.

The proposed Property Manager should be certified by an accredited organization issuing certification in property management. The Property Manager must also have experience in successfully managing at least 150 units of income-restricted, residential rental properties, including scattered site projects. HCR will evaluate the Property Manager by conducting a review of its properties under management and may consider, among other areas, the physical condition of the properties; the number and severity of any building and/or housing maintenance code violations against such properties; compliance with DHCR rent registration requirements (for properties where rent stabilization or the Emergency Tenant Protection Act is applicable); payment record for municipal taxes, water and sewer charges and any other municipal charges; Property Manager's track record and capacity to provide effective management services in a timely and responsive manner including the handling of tenant complaints; and Property Manager's ability to supervise building employees and maintain appropriate records. In New York City, HCR may request and consider feedback on these matters from any HCR agency, NYC HDC, and/or NYC HPD

## IV. SUBMISSION REQUIREMENTS AND QUALIFICATION PROCESS

All Applicants must follow all submission procedures as outlined below. Submission of an incomplete application or failure to follow any of the below procedures or conform to any of the requirements of this RFQ may be grounds for disqualification of the Applicant.

### A. Inquiries

Applicants should direct all communications and inquiries regarding this RFQ to John Francois at John Francois at [John.Francois@nyshcr.org](mailto:John.Francois@nyshcr.org)

All written questions should be submitted by October 19, 2018 to be included in the RFQ Q&A posted to the HCR website.

### B. Time and Place of Submission

The initial submission deadline is November 2, 2018. Applicants may submit electronic submissions to [george.simon@nyshcr.org](mailto:george.simon@nyshcr.org) and hard copy submissions to:

George Simon  
New York State Homes and Community Renewal  
25 Beaver Street  
New York, NY 10004

All submissions become the property of HCR. HCR will review submissions in the order in which they were received and publish the initial Qualified List by or about December 14, 2018. HCR reserves the right to accept applications on a rolling basis and may choose to evaluate submission packages received after the submission deadline.

### C. Application Materials

Applicants must submit a full response with addenda to this RFQ and meet the minimum criteria set forth in Section III in order to be further considered for inclusion on the Qualified List. HCR may request additional information or eliminate from further consideration all submissions that are not complete or do not conform to the requirements of the RFQ. All Applicants, including those qualified through any previous HCR RFQ, must submit a full response to this RFQ and meet the minimum criteria set forth in this RFQ. HCR may request additional information, interviews, site visits, or presentations from any or all Applicants.

A complete package shall include a cover letter, a completed, notarized HCR Statement of Qualifications, along with all required attachments and/or exhibits and additional documentation as outlined below.

#### a) Cover Letter

One-page letter on company letterhead, signed by a Principal of the Applicant, that summarizes the Applicant's interest in, and ability to be, a Qualified Preservation Purchaser.

**b) Financial Statements**

Applicants are required to provide the year to date operating statement and the most recent 3 years of CPA prepared Financial Statements for the Applicant.

**c) Statement of Qualifications**

The Statement of Qualifications Form must be completed, signed by a Principal and notarized, and must include all required supporting documentation and/or exhibits as attachments.

## **V. LEGAL DISCLAIMER**

The issuance of this RFQ and the submission of qualifications by any Applicant or the acceptance of such submission by HCR do not obligate HCR in any manner whatsoever. HCR reserves the right to amend, modify or withdraw this RFQ; to waive or revise any requirements of this RFQ; to require supplemental statements or information from any responding party; to accept or reject any or all submissions received in response hereto; to extend the deadline for submission of qualification; to hold discussions with any responding party; and to cancel, in whole or in part, the RFQ if HCR deems it to be in its best interest to do so. HCR may exercise the foregoing rights at any time without notice and without liability to any responding party or other parties for their expenses incurred in the preparation of submissions or otherwise. Submissions in response hereto will be prepared at the sole cost and expense of the responding party.

## **VI. GENERAL CONDITIONS**

This RFQ is subject to the specific conditions stated below:

- A.** HCR is not obligated to pay, nor shall HCR in fact pay, any costs or losses incurred by Applicants at any time, including the cost of responding to the RFQ.
- B.** HCR reserves the right to reject, at any time, any or all submissions and/or cancel this RFQ in whole or in part. HCR also reserves the right, at any time, to waive compliance with, or change any of the terms and conditions of, this RFQ and to entertain modifications and additions to Applicants' submissions.
- C.** Inclusion of Applicants on the Qualified List does not guarantee that any Applicant will be selected by any owner for purchase of any property.
- D.** Inclusion of Applicant on the Qualified List will not create any rights on the Applicants' part.
- E.** All determinations in connection with this RFQ (including, but not limited to, any determinations regarding the experience, capability, capacity, financial resources of any Applicant or regarding the addition of sponsors to the Qualified List or removal of sponsors from the Qualified List) shall be at the sole discretion of HCR.
- F.** HCR is not legally obligated to issue this RFQ.
- G.** This RFQ and any resulting agreement between any Applicant and an owner are subject

to all applicable laws, rules and regulations promulgated by any federal, state, or local authority having jurisdiction over the subject matter thereof, as the same may be amended from time to time.

- H.** HCR reserves the right to discontinue the Qualified List at any time.
- I.** HCR's inclusion of any Applicant on the Qualified List does not relieve such Applicant from any HCR required reviews if Applicant is selected by an owner to purchase property.
- J.** Any material misrepresentation made by an Applicant or any failure by an Applicant to disclose any material information in connection with its response to this RFQ may result in the Applicant's disqualification from consideration for inclusion on the Qualified List or, if Applicant is already on the Qualified List, the removal of the Applicant from the Qualified List.
- K.** Each Applicant has a continuing obligation, prior to and after placement on the Qualified List, to update HCR regarding any material changes to information that such Applicant has provided to HCR within 30 days of any such material changes, including, but not limited to material changes to information regarding investigations, subpoenas, and changes of principals. Failure of any Applicant to update HCR on such material changes may result in the Applicant's disqualification from consideration for inclusion on the Qualified List or, if the Applicant is already on the Qualified List, the removal of the Applicant from the List.
- L.** Each Applicant has a continuing obligation, prior to and after placement on the Qualified List, to provide any documentation and/or information requested by the HCR. Failure of any Applicant to provide such documentation and/or information when requested by HCR may result in the Applicant's disqualification from consideration for inclusion on the Qualified List or, if the Applicant is already on the Qualified List, the removal of the Applicant from the Qualified List.
- M.** HCR reserves the right to utilize the Qualified List for other HCR divisions, and for other purposes as HCR deems fit.

## **APPENDIX A – DEFINITIONS**

### **Applicant**

A partnership or corporation that submits Qualifications and a complete response to this RFQ

### **City**

The City of New York

### **DHCR**

New York State Division of Housing and Community Renewal

### **HCR**

New York State Homes and Community Renewal

### **HPD**

New York City Department of Housing Preservation and Development

### **HUD**

U.S. Department of Housing and Urban Development

### **HDC**

New York City Housing Development Corporation

### **Mitchell Lama Law**

Article 2 of the Private Housing Finance Law of New York State, as the same may be amended.

### **Principal**

An individual, partnership, limited liability company, corporation, or other entity that will act as the general partner, officer, or managing member of the Applicant, or any entity, known limited partner, or other member with at least a 10% ownership interest in the Applicant and the legal authority to bind the Applicant.

### **Preservation Project**

The acquisition of a Mitchell-Lama rental project or projects for the purpose of establishing or extending regulatory restrictions as well as providing necessary rehabilitation as applicable

### **Property Manager**

Entity that will oversee the operations of the Project, including collecting rents and paying all financial obligations (including all municipal obligations)

### **Qualifications**

Materials submitted in response to this RFQ that detail the Applicant's development and project management experience and financial/organizational capacity

**Qualified List**

The list of sponsors that HCR has evaluated and approved to serve as a resource for any private property owner wishing to sell a property that HCR will publish on its website.

**Qualified Preservation Purchaser**

An entity that qualifies to sponsor a not-for-profit Mitchell-Lama pursuant to this RFQ

## Appendix B -Application Forms

See attached, Statement of Qualifications form



**New York State  
Homes and Community Renewal**

**STATEMENT OF QUALIFICATIONS**

**APPLICANT DESCRIPTION**

Please fill out appropriate form completely.

Name of Applicant: \_\_\_\_\_

Name of Contact Person: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone No: \_\_\_\_\_ Email Address: \_\_\_\_\_

Is the Applicant a certified Minority-owned or Woman-owned Business Enterprise (M/WBE)? (form informational Purposes only) Yes [ ] No [ ] (Provide Proof of Certification).

**A. COMPOSITION OF APPLICANT ORGANIZATIONS:**

1. Type of organization (i.e. partnership, corporation, not-for-profit corporation, limited liability company, joint-venture):

\_\_\_\_\_

2. For corporations, provide the names of the officers and any shareholders owning 10% or more; not for profits list members. For partnerships, provide the names of all general partners. For joint ventures, provide the information separately for each entity that comprises the joint venture. HCR reserves the right to deny changes made to the composition of the Applicant entity after qualification.

**NAME OF ENTITY #1:** \_\_\_\_\_ **Percent Interest in Proposed Project:** \_\_\_\_\_

PRINCIPALS: Name/Position/Title	Home Address	Role*	% Interest	State of Formation

NAME OF ENTITY #2: \_\_\_\_\_

Percent Interest in Proposed Project: \_\_\_\_\_

PRINCIPALS: Name/Position/Title	Home Address	Role*	% Interest	State of Formation

\*Role: GP = General/Managing Partner; GC = General Contractor; F = Provides financing, inactive; A = Architect; L = Legal Services; M = Member; MA = Managing Agent; O = Other (specify)

If more than two entities involved, provide an organizational chart.

**B. Qualifications and Background Information:**

1. Provide Dunn & Bradstreet identification number and the latest Dunn & Bradstreet credit report or a similar credit report, if any, for the applicant entity and any parent or affiliated entity. \_\_\_\_\_
2. Submit certified financial statements, prepared in accordance with generally accepted accounting principles, for the three (3) most recent fiscal years, if any, for the Applicant and any parent or affiliated entity.
3. Provide documentation showing relevant experience.
4. State the name and address of Entity's bank and a bank officer who can, and is authorized to respond to inquiries.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. On an attached sheet, list and provide a brief description of all housing developments owned or managed by the Applicant in the past five (5) years, including those currently and no longer owned. For each development, provide the address, the number of dwelling units, the length of time owned or managed, the name and address of the owner, and the name and telephone number of a responsible party affiliated with the owner and familiar with work. If applicable, specify all governmental regulation, assistance and/or subsidy programs involved, and identify the supervising government agency. List Applicant's management personnel involved in the management of these developments.

6. Identify and provide current resumes for Applicant's principals and key management personnel. Also provide resumes of other management personnel who will be involved with this property.

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7. In the past ten (10) years has Applicant; any principal or key management personnel of Applicant; any entity which owns ten percent (%) or more of Applicant; or any entity in which Applicant has an interest of ten percent (10%) or more been a principal in a business entity that has filed a petition in bankruptcy or reorganization or has had bankruptcy proceedings initiated against it?

Yes  No

If yes, give the name of the entity, the date of the filing, the court, the county, the reason for filing and the disposition of the case on an attached sheet.

8. In the past five (5) years has any entity described in Section A:

- (a) been suspended, debarred, disqualified, had its qualification revoked or otherwise been declared ineligible to bid on any project, public or private?

Yes  No

- (b) been barred from bidding or denied a contract as a result of refusal to testify before a grand jury or administrative board?

Yes  No

- (c) been denied a contract for any reason despite being the low bidder?

Yes  No

- (d) defaulted on any contract/obligation covered by a surety, payment, or performance bond?

Yes  No

- (e) been given a final unsatisfactory performance determination or deemed a poor performer (by letter or formal proceedings) by any owner or any governmental agency, or been subject to a governmental audit, investigation, or management review (other

than a management review conducted in the normal course of business) for which there are or were negative findings?

Yes  No

(f) had damages assessed against it during or upon completion of a contract?

Yes  No

If the answer to any portion of this question is yes, provide all relevant details, including the name of a contact person at the owner or agency which took any of the above actions, on an attached sheet.

9. (a) Has any entity described in Section A been convicted of a felony or misdemeanor in the last ten (10) years?

Yes  No

If yes, state details, including a description of the crime, state, and court of the conviction, disposition (plea/conviction and sentence), and the index or docket number on an attached sheet.

(b) Is any entity described in Section subject to pending criminal charges?

Yes  No

If yes, state details, including a description of the charges, state, and court where the charges are pending, and the index or docket number on an attached sheet.

10. Has Applicant, or any principal of Applicant, or any business entity in which any principal of Applicant has been a principal, been the subject of any investigation (civil or criminal) by any governmental agency or public authority within the past ten (10) years, including any pending investigation?

Yes  No

If yes, state name of agency or authority, date and details and disposition of the investigation on an attached sheet.

11. Has Applicant, or any principal of Applicant, or any business entity in which any principal of Applicant is or has been a principal, been a party to any litigation, civil or criminal or in any arbitration proceedings in the past five (5) years?

Yes  No

If yes, provide details of each case or proceeding on an attached sheet, including the caption, court and index or docket number, the particulars, and the disposition.

12. Are there any Judgments or awards against the Applicant, or any business entity in which any principal of Applicant is or has been a principal, in any litigation (civil or criminal) or any arbitration proceeding?

Yes  No

If yes, provide details on an attached sheet, including the caption, court and index or docket number of each case or proceeding; the particulars of each case or proceeding, and the disposition of same.

### CERTIFICATION

I, \_\_\_\_\_, being duly sworn, state that I have read and understand all the items and conditions contained in the foregoing Statement, that I supplied full and complete information and answers to each item therein to the best of my knowledge, information and belief; and that all information supplied by me is true. I understand that:

1. This Statement is submitted as additional inducement to the Agency to find that my organization is qualified to perform the work and that the Agency will rely on the information supplied therein and any other material submitted together therewith.
2. Submission of this Statement will constitute permission by the Applicant for the Agency to contact any private or governmental person, entity or agency concerning the experience, financial condition and background of Applicant and its principals.

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Company

Tel. No. \_\_\_\_\_

Fax No. \_\_\_\_\_

Subscribed and sworn to before me

this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Notary Public