

Community Choice Registration Program

INTRODUCTION

The Philadelphia Housing Authority (PHA) is seeking qualified Neighborhood Based Non-Profit Corporations (NBNPCs) and similar organizations to participate in a Community Choice Registration Program. (CCRP). Through CCRP, NBNPCs can: 1) register their interest in redeveloping former public housing **scattered site** properties for affordable rental and homeownership housing, community space, or for economic development projects that create employment opportunities for Philadelphia residents; and: 2) be selected for a specific property or properties based on proposed use, affordability levels, responsiveness to neighborhood needs and priorities, and related criteria.

The goal of the Community Choice Registration program is to enable NBNPCs to address community needs and priorities including those of underserved and/or underrepresented populations, while helping to build the capacity of these organizations to undertake their own community development activities.

BACKGROUND

PHA is unique among housing authorities in the number of units in its portfolio known as “scattered sites,” properties containing between one and four housing units. Between 1964 and 1972, PHA acquired roughly 8,000 scattered site units. During this time, the population of the City was rapidly declining, and properties were becoming tax delinquent or abandoned. PHA purchased the units from private owners, the City, and the U.S. Department of Housing and Urban Development (HUD), contracted with development companies to renovate them, and subsequently added them to the public housing program.

The scattered site portfolio provides a valuable alternative to conventional public housing developments. However, this portfolio has historically been difficult to manage and maintain, in part because the units are scattered across the City and not concentrated in one area, and many require significant ongoing capital investment to be habitable. Many of the units were constructed in the early 1900s, making them the oldest units in PHA’s portfolio. Further, the renovations completed in the 1960s and 70s to bring the units into the public housing portfolio resulted in large single-family properties being converted to multi-family units, with many more bedrooms and multiple households, creating significant and on-going problems with building systems, trash disposal, and security. Reductions in capital and operating funding from HUD over several decades, combined with the relatively low rents paid by residents, has led to a capital needs backlog of over \$1 billion across the PHA portfolio, including scattered sites.

As a result of the issues described above, over the past 40 years, PHA has sold or lost to demolition approximately 3,500 scattered site units. These properties were sold to public housing residents, affordable housing developers, public agencies, adjacent property owners, and through fair market value sales. In 2009 and 2010, HUD approved the disposition of over 950 vacant scattered site units.

Since 2010, PHA has rehabilitated over 1,700 scattered sites at a cost of approximately \$74M. Under PHA's scattered site repositioning strategy, PHA has committed to rehabilitating and reoccupying viable scattered sites based on funding availability. PHA has also worked with CDCs and other non-profit entities to use vacant scattered sites for affordable housing opportunities.

THE OPPORTUNITY

From time to time, PHA may elect to dispose of scattered site housing units as they become vacant. This demonstration only applies to vacant scattered site units and does not apply to units scheduled for rehabilitation and re-occupancy, or those located within public housing developments.

Prior to conveying a property, PHA is required to seek approval from its Board of Commissioners and HUD, a process that could take between 12 and 15 months. In some cases, HUD approval has already been secured, and redevelopment can move forward upon selection of a NBNPC. If Board and HUD approval is required, during this time, PHA will select a pre-qualified NBNPC that will take title to the property once HUD approves the conveyance. The selection of NBNPCs will be based on the recommendations of an Evaluation Committee described below.

During the approval process, PHA may provide the designated NBNPC with access to the property to conduct visual inspections, take measurements, and develop a scope of work and plan to redevelop the property, provided that the entity executes an appropriate license agreement indemnifying PHA. The designated NBNPC may also act as a steward for the property and commit to performing exterior inspections of the property on a regular basis to ensure the property is adequately secured, free from vandalism, and generally not becoming a nuisance to the community.

If approved by HUD, PHA will convey title of the property for nominal consideration if the property will be redeveloped for affordable housing. Sales prices for properties requested for community space and economic development will be evaluated on a case-by-case basis and will take into consideration the commensurate benefit to PHA and PHA-assisted residents. Upon conveyance, NBNPCs will have **two (2) years** to complete the work and request a Completion Certification from PHA. If work is not completed in two years, PHA may exercise a power of attorney to reclaim the property.

Property redeveloped for housing must remain affordable for a period of not less than twenty (20) years as evidenced by a restrictive covenant recorded against the property. For the purposes of this demonstration, affordable is defined as having rents or sales prices affordable to households earning 80% of the area median income (AMI) or less. Properties being proposed for affordable homeownership must be offered to participants in PHA's Homeownership Program first and net sales proceeds must be split, with twenty percent (20%) going to PHA.

SELECTION PROCESS

Recommendations for the selection of a community partner to take title to each available property will be made by an Evaluation Committee consisting of one representative each from PHA, the PHA resident community and the City of Philadelphia. The Evaluation Committee may elect to add additional members over time.

In selecting a community-based partner, PHA will review the list of pre-qualified NBNPCs that have expressed interest in acquiring properties in the census tract and/or zip code where the property is located and will conduct outreach to gauge interest in a particular property. Interested NBNPCs will be requested to submit a brief proposal (generally 1 to 3 pages) by a specified date and time that includes summary information regarding the neighborhood need proposed to be addressed, intended reuse, income targeting, proposed affordability term, project readiness and other applicable information.

Proposals submitted on time will be reviewed by the Evaluation Committee, utilizing the following criteria (which may be modified over time based on feedback from the Committee members and/or the community):

- **Target income levels** – Priority consideration will go to proposals that serve the lowest income residents.
- **Affordability restrictions** – While a twenty-year affordability covenant is required for affordable housing, priority consideration will go to proposals that provide for longer affordability periods.
- **Inclusiveness** – Priority consideration will be given to proposals that respond to the needs of underserved and/or underrepresented groups, including workforce housing.
- **Community need** – Priority consideration will be given to proposals that are responsive to grassroots-level community needs and priorities.

The Evaluation Committee may also consider past performance, financial feasibility, compliance, and other relevant matters pertinent to the selection, and may request additional information as needed in order to make an informed recommendation.

The Evaluation Committee will submit recommendations to PHA. PHA will accept the recommendations of the Committee and proceed to transfer title unless there is a legal or regulatory barrier to such action.

1. ELIGIBLE REGISTRANTS

Registrants may be a 501(c)(3) Neighborhood Based Non-Profit Corporation (NBNPC) in accordance with the federal tax code. The NBNPC shall be organized so that its primary purpose is the improvement of the physical, economic, or social environment of a specific geographic area. The NBNPC shall maintain a governing body's membership that is representative of the residents, business owners and/or other stakeholders of the community. NBNPCs are encouraged to partner with experienced development companies until such time as they have the capacity to undertake redevelopment activities on their own.

Registrants may also include community and/or housing trusts and other types of grassroots organizations. Other types of organizations may be considered on a case-by-case basis.

2. SCHEDULE

Draft Program Guidelines Posted for Comment	August 11, 2020
Comments Due	August 28, 2020
Program Guidelines Finalized and Posted	November 20, 2020
Information Session	November 30, 2020
Program Begins Accepting Proposals	December 4, 2020
Program Updates Guidelines	July 23, 2021
Program Continues Accepting Proposals	Ongoing

3. PROGRAM REQUIREMENTS

Narratives Required For Registration Process

A. Executive Summary

- a. Describe the organization's interest in the demonstration program and the community needs it hopes to address through participation in the program.

B. Organization Information

- a. Narrative on the organization background, purpose, current programs, length of time the organization has been in operation.
- b. Narrative on the organization's membership composition and governance structure including the extent to which it represents and/or serves underrepresented groups within the community and neighborhood.
- c. Narrative on track record of carrying out similar projects, and the organization's role in the process

C. Neighborhood Description

- a. Describe the geographic boundaries containing the organization's target area; include list of ZIP codes and/or census tracts
- b. Describe the major issues and opportunities currently facing the neighborhood

D. Development Team Experience

- a. Identify all members of the proposed development team, and provide a brief narrative outlining the team's previous experience with community revitalization, construction, rehabilitation, and affordable housing development.
- b. Describe Team's experience working with socio-economic diverse populations (provide relevant examples).

E. Community Training & Employment

- a. Describe what types of training and employment opportunities will be created by the redevelopment of the property and how community residents (including PHA residents) will be notified of the opportunities.

Attachments Required Prior to Property Transfer

1. *Articles of Incorporation*: Attach a copy of the current Articles of Incorporation or similar document.
2. *Bylaws*: Attach a copy of the current Bylaws or similar document.
3. *501 (c) (3) determination (if applicable)*: Attach a copy of 501(c) (3) determination from the Internal Revenue Service (IRS).
4. *List of organization leadership members*: Attach a copy of the Board of Directors, which must include the name of the Board member, their position on the Board, their business address, email address and telephone number.
5. *Organizational Chart*: Attach a copy of the Organizational Chart to demonstrate how you will implement the project.
6. Letter of Support from local elected officials in the district where the NBNPC is located.

4. SUBMISSION PROCESS

A. Information Session

An information session will be held virtually on Monday, November 30 2020 at 3:00pm. While not mandatory, it is strongly suggested that potential Registrants attend this meeting. The purpose of the information session is to respond to questions about the registration program.

B. Submission

Respondents must submit electronically to Jennifer.Ragen@pha.phila.gov.

Proposals should be submitted to the attention of:

Jennifer Ragen, Director – Policy
(215) 684-5757