



PACT REQUEST FOR EXPRESSIONS OF INTEREST HERNANDEZ, MELTZER TOWER, & SEWARD PARK EXTENSION

November 9, 2022

Dear PACT Partners,

We are excited to announce, in partnership with our resident leaders, this Request for Expressions of Interest (RFEI) to recapitalize, rehabilitate, and manage three NYCHA developments – **Hernandez, Meltzer Tower, and Seward Park Extension** – through the Permanent Affordability Commitment Together (PACT) program. Partners are invited to form Project Teams and submit proposals for one, two, or all three sites.

We have made a number of significant improvements to our resident engagement and PACT partner selection processes to ensure deeper and more meaningful resident input and a more efficient timeline for delivering needed repairs. Our procurement process has changed, but our end goal remains the same: to deliver comprehensive repairs, enhanced services, and improved quality of life to NYCHA residents. Highlighted below are some of the changes to the PACT partner procurement process. More details are outlined in the RFEI and will be shared during the pre-submission conference.

- 1. Residents First** – Resident review committees are being formed and will drive the partner selection process by reviewing proposals alongside NYCHA, interviewing partner teams, and determining which team is best suited to meet their developments' needs. The resident review committees will join NYCHA at the pre-submission conference and will participate in every step of the selection process.
- 2. Faster Procurement Timeline** – NYCHA residents know firsthand how urgently repairs are needed in their homes and for their community. The procurement requirements and process outlined in this RFEI reflect an expedited timeline for identifying PACT partner teams and, ultimately, delivering repairs. Responses are due in just over three months from the release of this RFEI, on February 17, 2023, and selections will be made in spring 2023.
- 3. Streamlined Submission Requirements** – Over the past several years, NYCHA has bolstered its design and construction standards for each PACT project. This ensures that all projects, regardless of which partner team is selected, receive high-quality comprehensive repairs. For this RFEI, we have asked teams to submit more concise, user-friendly proposals that explain their approach to repairs and their plan for partnering with residents. Proposing teams will no longer need to submit detailed scopes of work due to the expectation that NYCHA, resident leaders, and the designated team will work together to finalize the scope after designation.
- 4. Partner Team Formation** – We are looking for partnerships that demonstrate a range of experience, backgrounds, and perspectives to achieve the best outcomes for our residents. Partner teams are still required to include either an M/WBE or non-profit developer with a meaningful role, and teams are required to achieve M/WBE subcontractor hiring goals in line with other NYC housing programs. For this RFEI submission, partner teams must include a

developer or co-developers, property manager, architect, and other professionals. General Contractors may also be included but are not required.

- 5. Continued Commitment to Equity & Excellence** – While our submission requirements and timeline have changed, we hold the same expectations for design excellence and community investment. Teams should demonstrate that their plans will not only address basic repair needs but also ensure a holistic approach to the community and neighborhood. Partners should consider the Connected Communities Guidebook when proposing interventions to ensure the public realm feels vibrant, safe, accessible, and enjoyable. The designated team will also work with resident leaders to prepare a Community Plan that memorializes strategies for the property’s rehabilitation, property management, and social services, which will ensure residents are clear about what they can expect from the renovations and ongoing operations at their development.

The PACT program now includes 36,100 apartments, which will address over \$7 billion of capital needs across the city. We thank you for your continued interest in, and commitment to, the PACT program and improving the lives of our residents. We look forward to reviewing your proposals and working in partnership with you through this process.

You can find more information on our [PACT Website](#), or ask questions that arise by reaching out to NYCHA at pact.partners@nycha.nyc.gov and/or by following the protocol within the RFEI.

Sincerely,

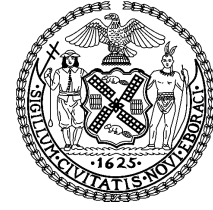


Jonathan Gouveia
Executive Vice President, Real Estate Development

Resrequest for Expressions of Interest

NYCHA PACT

HERNANDEZ, MELTZER TOWER, & SEWARD PARK EXTENSION



Permanent Affordability Commitment Together (PACT) Procurement Timeline

EVENT	DATE	TIME
RFEI Release	November 9, 2022	
Questions Due - 1st Round	November 23, 2022	5 pm
RSVPs Due for Pre-Submission Conference & Site Visit		
Pre-Submission Conference - Virtual	November 30, 2022	10 am
Site Visit: Hernandez & Meltzer Tower	December 6, 2022	TBA
Site Visit: Seward Park Extension	December 7, 2022	TBA
Interest Forms Due	December 16, 2022	
Eligible Applicants Notified	January 6, 2023	
Questions Due- 2nd Round	January 27, 2023	5 pm
Submissions Due	February 17, 2023	5 pm

Questions should be submitted via email
by the deadlines listed above.

PACT.PARTNERS@NYCHA.NYC.GOV



NYCHA
**REAL ESTATE
DEVELOPMENT**

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EXHIBITS LIST

- Exhibit A** – Property Profiles
- Exhibit B** – 2017 Physical Needs Assessment (detailed)
- Exhibit C** – PACT Rehabilitation Scope of Work Guidelines
- Exhibit D** – Management Questionnaire
- Exhibit E** – [RESERVED]
- Exhibit F** – Housing Stability and Retention Guidance
- Exhibit G** – Waste Management Handover Guide
- Exhibit H** – Applicant Forms
- Exhibit I** – Resident Rights in the RAD Notice
- Exhibit J** – NYC RAD Roundtable Guiding Principles
- Exhibit K** – PACT Grievance Procedures
- Exhibit L** – Insurance Requirements Guide
- Exhibit M** – Enterprise Green Communities
- Exhibit N** – Lead Procedures and Requirements
- Exhibit O** – Mold Procedures and Requirements
- Exhibit P** – Community Engagement Guidelines
- Exhibit Q** – Asset Management Reporting Requirements
- Exhibit R** – Underwriting Guidelines
- Exhibit S** – Underwriting Templates
- Exhibit T** – HDC Eviction Questionnaire

I. INTRODUCTION

The New York City Housing Authority (“NYCHA” or the “Authority”) alongside resident leaders at NYCHA’s **Hernandez, Meltzer Tower, and Seward Park Extension** developments (collectively, the “Properties”), is excited to announce that these Properties will be included in the *Permanent Affordability Commitment Together* (“PACT”) program, which will provide the developments with comprehensive repairs, new property management, and enhanced social services, while preserving resident rights and maintaining permanent affordability.

NYCHA and resident leaders from the Properties are seeking Project Teams to assist in the planning and implementation of this transformation. This Request for Expressions of Interest (“RFEI”) is intended to describe the selection process and outline the key expectations of the Project Teams that are ultimately selected. Applicants are invited to submit Proposals for one, two, or all three developments.

For these three distinct Projects (as defined in Section II below), NYCHA is implementing changes to ensure an expedited procurement process. Proposals (as defined in Section I.B. below) will be due in just over three months from the release of this RFEI, on February 17, 2023, and a selection will be made in spring 2023. The Submission Requirements, as set forth in Section VII below, have also been modified to ensure that applicants can prepare competitive Proposals in a relatively short amount of time. By limiting Proposals to a maximum of 40 pages in length, NYCHA and the Resident Review Committees (as defined in Section VI.A below) will be better positioned to conduct streamlined reviews.

While the RFEI timeline and submission requirements have changed, NYCHA continues to hold the same expectations for delivering high-quality design, promoting access to opportunity, and ensuring robust resident participation – values which must be reflected in each Proposal.

A. About PACT

PACT leverages programs of the U.S. Department of Housing and Urban Development (“HUD”) to preserve existing public housing stock via NYCHA’s preservation initiative, PACT. 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 has an established goal to comprehensively rehabilitating at least 62,000 NYCHA apartments through the PACT program by the end of 2028. PACT is expected to bring approximately \$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. To date, NYCHA has leveraged these HUD tools to preserve over 15,400 units across 58 developments.

PACT enables NYCHA to convert its properties to Project-Based Section 8 in order to raise capital for repairs through a combination of three HUD programs: (i) HUD’s Rental Assistance Demonstration program (“RAD”, as further defined below), (ii) disposition under Section 18 of the U.S. Housing Act of 1937, as amended (“Section 18”, as further defined below), and (iii) retention outside of the public housing program pursuant to 2 CFR Part 200 (“Part 200”) for NYCHA’s City & State Developments.¹

¹ None of the residential units at the Properties will convert to Project-Based Section 8 through Part 200.

Through PACT, the New York City Housing Development Corporation (“**HDC**”), New York City’s municipal Housing Finance Agency, coordinates or provides 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 the conversion methods contemplated for these Projects.

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.

B. Procurement Overview

In February 2022, NYCHA released Request for Qualifications #359905 (the “**RFQ**”) for developers, property managers, general contractors, and social service providers (respectively, “**Developer(s)**”, “**Property Manager(s)**”, “**General Contractor(s)**”, and “**Social Service Provider(s)**” as defined in the RFQ) to pre-qualify to partner with NYCHA in converting and rehabbing NYCHA public housing units through the PACT program (such pre-qualified Developers, Property Managers, General Contractors and/or Social Service Providers, collectively, “**Pre-Qualified Partners**”).

In June 2022, NYCHA published a list (the “**Pre-Qualified Partner List**”) of Pre-Qualified Partners, based on responses to the RFQ. The published Pre-Qualified Partner List can be found on NYCHA’s PACT Website:

<https://www1.nyc.gov/assets/nycha/downloads/pdf/prepartner-q12022.pdf>.

Pre-Qualification RFQs will be re-released 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.²

NYCHA is seeking proposals (collectively, the “**Proposals**”, each, a “**Proposal**”) in response to this RFEI from teams comprised of Developer(s) and Property Manager(s) (each, a “**Project Team**” or “**Applicant**”, and collectively, “**Project Teams**” or “**Applicants**”) for tenant-in-place rehabilitation (and financing thereof), on-going property management, and conversion of the Hernandez, Meltzer Tower, and Seward Park Extension public housing developments 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.

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:

Conditional Designation Letter

The agreement NYCHA will enter into with the Designated Project Teams upon conditional designation with respect to a Project.

Designated Project Team(s)

The Applicant(s) selected under this RFEI to enter into negotiations with NYCHA and HDC to undertake one or more of the Projects that are part of this RFEI. Also referred to as the PACT Partner or PACT Partners. A Designated Project Team may be conditionally designated for one or more Projects as part of this RFEI. Any and all references to an individual “Designated Project Team” within this RFEI should be interpreted as being applicable to each individual Designated Project Team selected for one or more Projects within this RFEI.

Eligible Applicants

Applicants who are eligible to submit a Proposal for a Project based on the submission and review of an Interest Form.

Housing Quality Standards (“HQS”)

Standards set forth in 24 CFR Section 982.401 that must be met by units in the Section 8 project-based voucher (“**PBV**”) program, in accordance with 24 CFR Section 983.101.

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

² While Social Service Providers are included on the Pre-Qualified Partner List, they will be added to Project Teams after designation and should not be included in Proposal submissions. Applicants may elect to include General Contractors in their Project Teams when preparing Proposals in response to this RFEI, but General Contractors are not required..

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 2022 in Exhibit S and linked below:

https://www.hud.gov/sites/dfiles/PIH/documents/TDCs_2022.pdf

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.

Obsolescence Report

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

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.

RAD Capital Needs Assessment (“RAD CNA”)

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), 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.

Rehabilitation Scope of Work

The Designated Project Team’s plan to address the capital needs of the Property (or Properties) within their respective Project, which will be developed in collaboration with NYCHA, residents, and other stakeholders.

Rental Assistance Demonstration (“RAD”)

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

Resident Review Committee

A group of residents residing at the Property (or Properties) who will evaluate Proposals, interview Applicants, and inform the selection of Project Teams. The group is convened by NYCHA and is typically comprised primarily of resident association executive board members.

Section 18

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 Notice

HUD Notice PIH 2021-07 (HA), Demolition and/or disposition of public housing property, eligibility for tenant-protection vouchers, and associated requirements, found at:

<https://www.hud.gov/sites/dfiles/OCHCO/documents/2021-07pihn.pdf>.

III. PROJECT SUMMARY AND CONVERSION PROCESS OVERVIEW

This RFEI covers three (3) Properties, each comprising a distinct Project: Hernandez, Meltzer Tower, and Seward Park Extension. NYCHA and HDC anticipate conversion of the units to Section 8 through a combination of HUD’s RAD and Section 18 programs as described below.

A. Projects

Property	Units	20-Year NYCHA PNA
Project 1: Hernandez	149	\$37,839,499
Project 2: Meltzer Tower	231	\$40,031,294
Project 3: Seward Park Extension	360	\$95,102,810

Please refer to Exhibit A - Property Profiles which contains supplemental information for the Properties.

B. Section 8 Conversion Process

Blended RAD/Section 18 Disposition

For Properties converting through RAD: Section 3.A.2.e.(1) of the Section 18 Notice allows for the following blend of RAD vouchers and Section 18 TPVs. The HUD-published HCC can be found at https://www.hud.gov/sites/dfiles/PIH/documents/TDCs_2022.pdf.

Required HCC Threshold	RAD / Section 18 Blend Percent
≥30%	80% RAD / 20% Section 18
≥60%	60% RAD / 40% Section 18
≥90% + in high-cost area*	20% RAD / 80% Section 18

*New York City is included on HUD’s list of high-cost areas.

It is assumed that the three Projects’ conversions will be a RAD/Section 18 Construction Blend with 20% of units converting via RAD and 80% of units converting via Section 18. NYCHA reserves the right to require Applicants and the Designated Project Teams to underwrite additional scenarios prior to and after designation.

The 20%/80% RAD/Section 18 Construction 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.³ The appropriate blend of RAD and Section 18 units is subject to NYCHA approval, but will aim to (1) maximize the amount of funding to the Project, and

³ 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.

(2) congregate the Section 18 units in order to minimize the number of buildings that contain both RAD and Section 18 units, so as to maximize NYCHA's eligibility for an Asset Repositioning Fee from HUD. The currently assumed RAD/S18 blend is included in the "RAD Blend Analysis" tab in Exhibit S - Underwriting Templates. NYCHA reserves the right to ask Applicants and the Designated Project Teams to implement alternative blends prior to and after designation.

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.

Project Financing

HDC will be the primary underwriter and lender for the Projects. 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. NYCHA and HDC will ultimately determine the financing structure after the Designated Project Teams are designated.

IV. PROJECT REQUIREMENTS

A. Lead and Mold Requirements

1. HUD Agreement

HUD, NYCHA and the City 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. A link to the HUD Agreement is below:

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

2. Lead-Based Paint

The Designated Project Teams are required to comply with NYCHA’s policies for lead-based paint testing, abatement and hazards control, as set forth in Exhibit N – Lead Procedures and Requirements (the “**PACT Lead Procedures**”), as well as all applicable federal, state, and local laws concerning lead-based paint and lead hazards, including NYC Local Law 1 of 2004 as may be amended, NYC Local Law 31 of 2020 as may be amended and federal regulations per 24 CFR Part 35 and 40 CFR Part 745.

If a Project requires abatement of lead-based paint and lead hazards, the Designated Project Team must account for the cost of abatement in the Rehabilitation Scope of Work and may not defer abatement or pay for abatement through replacement reserves. Prior to closing on the financing of the Projects, after selection of Designated Project Teams, NYCHA will provide the Designated Project Teams with existing and ongoing lead-based paint test results and other related information, as available.

NYCHA may amend the PACT Lead Procedures and require the Designated Project Teams to meet additional lead-based paint and lead hazard requirements at any time in NYCHA’s sole discretion.

3. Mold and Moisture Control

The Designated Project Teams are required to comply with NYCHA’s policies for mold and excessive moisture, as set forth in Exhibit O - Mold and Moisture Control Procedures for NYCHA’s PACT Projects (the “**PACT Mold Procedures**”), as may be updated by NYCHA. The PACT Mold Procedures are intended for consistency with *Baez v. NYCHA*, No. 13 Civ. 8916 (“**Baez**”), specifically that certain “**Agreement Regarding Settlement of Section 8 Claims**” entered on December 20, 2021, 2021 WL 6125802, S.D.N.Y., Dec. 28, 2021, and the HUD Agreement. Among other things, the Designated Project Teams must conduct comprehensive inspections as part of the pre-development process to identify mold and moisture issues, address underlying sources of mold and leaks as a part of the Rehabilitation Scope of Work, and prepare and operate Properties in accordance with an approved Mold Operations and Maintenance Plan (“**Mold O&M Plan**”).

The Designated Project Teams must account for the cost of addressing underlying sources of mold and leaks in the Rehabilitation Scope of Work and may not defer the performance of the work to remove and correct the root causes of such mold and leaks either through funding of replacement reserves or any other means. Prior to closing the financing of the Project(s), after selection of Designated Project Teams, NYCHA will provide the Designated Project Teams with existing mold and leak work orders and other related information, as available. The Designated Project Teams will be responsible for ensuring that all mold and leak work orders open at the time of conversion are addressed in a timely manner following the conversion.

Pursuant to the Agreement Regarding Settlement of Section 8 Claims referenced above, NYCHA requires, among other things, PACT Partners to remediate resident mold and excessive moisture complaints made after closing within thirty (30) days after receiving the complaint and to investigate and abate flooding complaints made after closing within twenty-four (24) hours of receiving the complaint, and to remove standing water within forty-eight (48) hours, unless a longer remediation and/or repair schedule is warranted based upon the specific circumstances of the complaint. In those instances, the PACT Partners may submit a proposed alternative repair schedule (“ARS”) to NYCHA for review and approval. The “Ombudsperson” appointed by the Court in Baez to consider resident complaints as to mold remediation will also receive the ARS for review. Additionally, to ensure accountability, all residents at PACT project sites can file complaints with the Ombudsperson through the Ombudsperson Call Center (“OCC”), and an Independent Mold Analyst (“**PACT IMA**”) has been appointed to conduct a statistically significant number of inspections of work resulting from resident mold and leak complaints.

NYCHA may amend the PACT Mold Procedures and require the Designated Project Teams to meet additional mold and leak requirements at any time in NYCHA’s sole discretion.

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 from time to time;
- b. The RAD resident protections as described in the RAD Notice and listed in Exhibit I;
- c. The New York City RAD Roundtable Guiding Principles as listed in Exhibit J;
- d. NYCHA’s grievance procedures as listed in Exhibit K, as may be updated by NYCHA from time to time;
- e. NYCHA’s housing retention guidelines as outlined in Exhibit F, as may be updated from time to time; and,
- f. Any new updates that are approved by NYCHA and HUD with respect to the PACT program.

2. Resident & Community Engagement

Immediately following selection, the Designated Project Teams will be expected to craft and implement a comprehensive “Community Engagement Plan,” including, but not limited to, a plan for outreach to residents, elected officials, and other community stakeholders. The goal of the Community 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 plan, social services plan (as defined below), and other investments prior to closing and conversion of the Project. The Community Engagement Plan must detail an outreach and reporting structure that will provide residents, elected officials, and other community stakeholders with regular, proactive, and transparent Project updates from designation through to ongoing operations. The Community Engagement Plan must also detail how Project Teams will engage with residents and resident leadership following closing and conversion to the Section 8 program, including, for example, meeting frequency and strategies for the intake of and response to tenant complaints, making repairs, and resolving lease or other issues.

NYCHA has developed a base set of engagement activities (see Exhibit P) that must be included in the Community Engagement Plan, but Applicants are encouraged to expand upon this guidance with creative strategies and tailor their approach to the needs of each development.

The Designated Project Teams will be required to craft and deliver professional, customer service-oriented, and culturally sensitive outreach and communications strategies as well as follow fair housing requirements concerning language interpretation and translation requirements.

The Designated Project Teams will refine and finalize Community 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 applicable Community Board(s), elected officials, City Agencies, and other organizations, as needed. The Designated Project Teams will continue to collaborate with NYCHA on implementing and updating the Community Engagement Plan, if necessary, throughout and following the conversion process.

Prior to commencing lease signing, the Designated Project Teams will be required to prepare and distribute a Community Plan document that will memorialize and summarize the final plans for rehabilitation, property management, and social services. The Community Plan should ensure residents are clear about what they can expect from the renovations and ongoing operations at their development. The expectation is that these plans would be shared at and around the time of lease signings.

3. Communications Strategy

The Designated Project Teams will work with NYCHA to create and finalize a Communications Strategy for the Project. This could include, but is not limited to: a press strategy, strategy for engaging with elected officials, project signage, construction

signage and wayfinding on the grounds, housing industry award submissions, and posting updates about the project on webpages and social media.

4. Fair Housing Requirements

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

5. Minority and Women Business Enterprises and Nonprofit Organizations (“M/WBEs” and “Nonprofits”, respectively)

NYCHA is committed to increasing opportunities for, and strengthening the capacity of, M/WBE and Nonprofit developers to participate in achieving the goals of the PACT program. NYCHA encourages responses from M/WBE and Nonprofit developers that bring enhanced and tangible community development benefits to the proposed Project Teams. In particular, M/WBE and Nonprofit developers that have a successful track record of tangible investments in the community where the Property is located will be reviewed favorably.

Project Teams must include at least one pre-qualified Developer that (a) is an M/WBE Developer or Nonprofit Developer and (b) has a Meaningful Role (as defined below) within the Project Team.

“**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, or (iv) fair participation (in NYCHA’s and HDC’s reasonable judgment) in the waterfall distribution returns to equity.

The Designated Project Teams are required to work with subcontractors to achieve M/WBE hiring goals generally 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**”). For additional context see:

<https://www1.nyc.gov/site/hpd/services-and-information/m-wbe-build-up-program.page>

The Designated Project Teams shall state in all solicitations or advertisements for bids for subcontractors, placed by or on behalf of the Designated Project Team, 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 Team to submit Proposals to such Designated Project Team for consideration of subcontracting awards in connection with the Project.

6. Schedule

The Designated Project Teams must achieve construction closing on the Projects by the

timeline established by NYCHA. The Designated Project Teams will be responsible for the timely commencement and completion of the Projects, 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 pre-development and during construction.

7. 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 the Property 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.

8. Commitment to Entire Project

The Designated Project Teams must commit to rehabilitating and managing all of the buildings and spaces in the Project.

9. Smoke-Free Housing

The Designated Project Teams must adopt a smoke-free policy consistent with NYCHA's Smoke-Free Policy as may be modified from time to time. For more information, please visit <https://www1.nyc.gov/assets/nycha/downloads/pdf/nycha-smoke-free-policy-2018.pdf>.

10. Site Improvement and Redevelopment Opportunities

The Designated Project Teams must consider improvements to non-residential and otherwise underutilized spaces. Improvements can range from upgrades to landscaping and open spaces to the new construction of affordable housing that increases the number of housing units for NYCHA residents, new community facility or commercial spaces, or a mix thereof. Proposals must respond to community and resident needs as documented by NYCHA or other relevant local planning reports.

The Designated Project Teams will be expected to work closely with residents and other relevant stakeholders in crafting and building consensus around a community vision for any redevelopment opportunity contemplated through the Project. If applicable, the Designated Project Team will be expected to host additional charrettes or other community meetings to best understand or demonstrate how the Project will enhance residents' lives. Details of any suggested meetings related to redevelopment must be outlined in the Community Engagement Plan.

With respect to facilitating new development and the Rehabilitation Scope of Work, as-of-right scenarios that do not require land use or zoning actions are preferred. The Designated Project Teams should also consider the replacement or relocation of existing on-site assets, including, for example, parking spaces, trash compactors, equipment/supply storage, and play equipment.

The Designated Project Team will closely coordinate with NYCHA to advance any subsequent actions needed to facilitate such improvements and new development.

11. Pre-Closing Work

Under current HUD guidance applicable to NYCHA, the units converting through Section 18, whether in Properties converting through the RAD/Section 18 Blend pursuant to the Section 18 Notice, or in Section 18 only Properties, cannot be added to a HAP Contract until they pass an HQS inspection. As such, the Designated Project Teams will, in collaboration and cooperation with NYCHA, complete the following pre-closing work related to HQS for these units:

- a. Inspect units for HQS compliance; and,
- b. Perform needed repair work in units that are out of HQS compliance in accordance with Davis-Bacon and HUD prevailing wage requirements⁴.

The anticipated scope of work for the HQS repairs is not currently available. Applicants may assume that the cost of this HQS inspection and repair work will be approximately \$3,000 per dwelling unit.

12. 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.

13. Property Management

The Designated Project Teams will be responsible for operating and managing the Property(ies) in accordance with a Property Management Plan to be approved by NYCHA and HDC (the "**Property Management Plan**"), which shall specifically address but not be limited to the following:

- 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;

⁴ With the exception of any units on an existing HAP contract within an LLC I 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 page 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, which shall be directly allocated and funded to the legitimate resident organization at the Properties in the Project in accordance with the RAD Notice;
- k. Maintaining detailed rent rolls, financial statements, and other required documents in accordance with NYCHA, HUD, HDC, HPD (if applicable), and/or as may otherwise be required by project financing;
- l. Preparing, maintaining, and submitting detailed reporting regarding the status of on-site repairs and resident legal proceedings to NYCHA on a regular basis
- m. Maintaining Section 8 and RAD compliance in accordance with NYCHA, HUD, HDC, and/or as may otherwise be required by project financing; and,
- n. Offering a pathway for tenants to bolster their credit through paying rent as described below.
- o. How your plan for live-in or off-site supers is compliant with the New York City Administrative Code §§ 27-2053 and 27-2054
- p. Following all guidelines outlined by NYCHA in the grievance procedure and housing stability and retention guidelines in Exhibits F and K, as may be modified from time to time.
- q. Follow all guidelines outlined by NYCHA regarding building signage, construction notices, and general PACT project signage.

The Designated Project Teams must dedicate adequate property management staff for each building in the Project, ensuring that service levels are not reduced in smaller buildings within the Project, buildings within the Project with unique management needs, or buildings that are geographically farther from other buildings in the Project.

14. Asset Management & Construction Reporting Requirements

The Designated Project Teams will be responsible for providing NYCHA and HDC with asset management data and construction period reporting, including but not limited to the reports detailed in the Asset Management and Construction Reporting Requirements as may be modified from time to time in NYCHA's sole discretion (Exhibit Q), plus standard
HDC reporting requirements.

15. Resident Stability and Retention Plan

The Designated Project Teams will be expected to create and implement a Resident Stability and Retention Plan that outlines their approach to proactive communication and outreach that property managers will take to avoid unnecessary evictions. NYCHA's Real Estate Development Department developed a set of resident retention guidelines as set forth in Exhibit F - Housing Stability and Retention Guidance. The guidelines were created for all PACT development partners and are followed by property management staff at each PACT development. PACT development partners are expected to work directly with residents to respond to their unique circumstances and offer resources based on the household's situation. Designated Project Teams should also utilize their on-site social service providers to conduct outreach and to provide direct assistance.

The Designated Project Teams will outline how they will adopt the steps outlined in Exhibit F into a standard operating procedure in coordination with NYCHA following designation. Once implemented, Designated Project Teams will provide updates on their outreach and communication efforts through a Legal Proceeding report submitted to the NYCHA Real Estate Asset Management team on a monthly basis.

16. Rent Arrears

The Designated Project Teams will purchase one hundred percent of the rent arrears at par from NYCHA at construction closing.

17. 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 must 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 its Social Service Coordinator (as defined herein). 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. The Designated Project Teams will be expected to work with selected social service providers to develop detailed plans, to implement the foregoing requirements and report on participation through their Social Service Coordinator.

18. Existing Community Facilities

Any community center or other community facility space included in the Projects 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 such community centers and community facility spaces, bringing such spaces into code compliance and ensuring such spaces are accurately reflected on existing certificates of occupancy, which work should be included in the Rehabilitation Scope of Work.

Any existing community center/facility and/or non-profit leases will be assigned to the Designated Project Team at construction closing. If any providers are operating in a community center/facility 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 approved by NYCHA and HDC, the final terms of which are also 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 and/or non-profits providers that receive public funding for operation at the Project, the Designated Project Team must offer them a lease on a lease template approved by NYCHA and HDC, the final terms of which are also subject to NYCHA and HDC approval.

19. 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 must be included in the 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 leases 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. The Designated Project Teams will purchase one hundred percent of any commercial rent arrears at par from NYCHA at construction closing.

20. 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 property that will remain NYCHA-managed prior to construction closing.

If applicable, any existing leases for third party-owned solar installations will be transferred to the Designated Project Team at construction closing. The Designated Project Team may negotiate with the third party-owned solar lessee to purchase the solar installations and satisfy any remaining debt and obligations associated with system including but not limited to the decommissioning of any solar installation. The lease may be amended through the mutual written consent of lessee and the new lessor, with written approval of NYCHA, according to the terms of the lease where applicable.

21. DEP Green infrastructure

The Designated Project Teams will be required to meet certain requirements for non-interference with any pre-existing green infrastructure ("GI") installed by the NYC Department of Environmental Protection. The Designated Project Teams 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

will provide the location of existing and planned green infrastructure projects. Post-closing, the Designated Project Teams will, to the extent required, be responsible for maintaining green infrastructure on-site in alignment with the DEP's Standard Designs and Guidelines for Green Infrastructure Practices: <https://www1.nyc.gov/assets/dep/downloads/pdf/water/stormwater/green-infrastructure/green-infrastructure-standard-designs.pdf>

22. Broadband

The Designated Project Teams are required to provide high-quality internet service and install the necessary underlying infrastructure, in line with the NYC Internet Master Plan (January 2020), found here:

https://tech.cityofnewyork.us/wp-content/uploads/2020/01/NYC_IMP_1.7.20_FINAL-2.pdf

Infrastructure: The broadband infrastructure should consist of a wired connection point in each dwelling unit through which each resident can have secured access through a unique profile, with a preferred system capacity of at least 200 Megabits per second (Mbps) upload and download speed, per unit. Service should be provided in common areas and shared spaces, providing mobile use throughout the buildings and campus. The network infrastructure must be robust and designed with flexibility to meet current and future demands on the system.

Control: The Designated Project Teams must retain ownership of network infrastructure within the building and consider a managed system, wherein a third party internet service provider (ISP) provides customer service, network diagnostics, billing, and other services to the end user.

Level of Service: A level of service of at least 100 Mbps per unit should be fully subsidized for residents at each unit electing to participate through the property operating budget. Residents should be given the option to enhance their individual level of service at their own cost up to and beyond 200 Mbps.

If an existing provider is in place, the Designated Project Team will at NYCHA's election either maintain the existing contract or improve the service available. Residents should be given the opportunity to opt out of the updated Broadband service at their election. Any such election should be documented by the Designated Project Team.

Proposed Budget: Applicants should assume upfront costs to build out broadband infrastructure of \$1,000 per unit, if required, and allocate a per unit annual cost to fund broadband on an ongoing basis.

23. Security

The Project Team 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 cost to provide a security plan accomplishing the following goals:

- a. Adequate guard coverage;
- b. Upgrades to the CCTV infrastructure, where applicable;
- 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 (1) funds to support light equipment or other resources for volunteers, as well as (2) continued employment, including comparable wages and benefits, to any resident watch supervisor(s) under NYCHA's employment at the time of conversion;
- f. Means for data collection; and
- g. Funding to reimburse NYCHA for the utilization of the existing equipment during the interim conversion period.

Security plans should be included 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.

24. COVID-19 Health and Safety

For all predevelopment work or active construction work requiring site access and/or resident interaction, the Designated Project Team must comply with all New York State and New York City COVID-19 related health and safety policy measures

C. Social Service Coordination and Social Service-Related Requirements

NYCHA seeks to improve residents' quality of life not only through extensive physical rehabilitation and enhanced property management services, but also through access to social services and resources – both on-site and through resident referrals to off-site organizations and services. PACT provides a unique opportunity to enhance and provide additional services and community programming to NYCHA residents.

Following designation, the Designated Project Teams will work directly with NYCHA's Portfolio Planning and Community Development teams to complete the following steps, as discuss further in the following sections:

- a. Develop a plan to create and conduct a Project-wide Needs Assessment
- b. Select an organization to act as the lead Social Service Coordinator;
- c. Identify any existing providers actively serving the community;
- d. Identify any additional social service provider(s) to deliver services to the community;
and
- e. Create a timeline to finalize the Social Services Plan based on the results of the Needs Assessment.

Conducting a Needs Assessment

The Designated Project Teams should develop a plan to create and conduct a Project-wide Social Service Needs Assessment. The Needs Assessment should collect resident feedback on service, resource, and programming needs via surveys, in-home assessments, community meetings, workshops, and other information-gathering tools. The information collected in the Needs Assessment should inform the creation of the Social Services Plan and selection of any additional social service providers. If an organization has not been identified as the lead Social Service Coordinator, the Needs Assessment can inform the selection of the Social Service Coordinator. The Needs Assessment should aim to collect information on household demographics, population needs and gaps, and any programming and services currently provided in the neighborhood surrounding the Property.

Outlined below are the requirements for creating and conducting the Needs Assessment. The Designated Project Teams must share draft materials for the Needs Assessment, including the introductory letter, survey, and information presented in resident meetings with NYCHA for review prior to distribution.

Requirements for Conducting and Analyzing the Needs Assessments:

- a. A minimum of 35%-50% of households should respond to any survey or participate in any meetings regarding social service provision
- b. The Service Coordinator should take two to three months to conduct their assessment, ensuring enough time to collect surveys and promote participation in meetings
- c. Outreach and communication:
 - o Surveys should be mailed to residents in both English and Spanish with a translation block for alternative languages;
 - o All other languages should be made available at the property management office;
 - o Residents should be able to mail and drop off surveys at their property management office;
 - o Residents should be able to complete the survey online;
 - o All materials must include instructions for how to return, deadline date, and contact information for the administrator; and,
 - o All materials should mention the entire PACT development team and explain that the enhanced services and programming opportunities as a component of the PACT program.
- d. Data collection:
 - o Designated Project Teams should collect standard demographic information, including but not limited to characteristics including age, race, gender identity, employment status, and educational attainment;
 - o Household information, such as languages spoken, disability status of anyone in the household (mental or physical), veteran status, access to internet and technology, and length of time at development, among other information, should also be collected; and,
 - o Designated Project Teams should assess overall resident satisfaction, utilization of current programs, services that are of interest to their household, and other resources that they might need or want at their development.

- e. Summary analysis:
 - o Designated Project Teams should share findings and provide summary-level analyses to key stakeholders, including NYCHA and residents; and,
 - o Needs Assessment findings should be included in the final Social Services Plan, including a narrative on how assessment findings shaped the final plan.

Social Service Coordination Role

NYCHA residents currently have access to workforce training, job opportunities, and social service referrals for vulnerable populations. These are services that NYCHA provides through a service coordination model for public housing residents.

Designated Project Teams should identify one lead organization to act as the new Social Service Coordinator at their Project. This organization will oversee the enhancement of services and community programming for all residents. The Social Service Coordinator will work collaboratively with NYCHA and the Designated Project Team to develop a service coordination model that connects residents to services that are available to Section 8 households and any other services or programming identified by residents. The Social Service Coordinator should develop a plan for conducting referrals to the Family Self-Sufficiency program, using NYCHA's Opportunity Connect portal and successor systems, referring tenants to vetted providers that have formal partnerships with NYCHA, and making use of other public and private resources to assist residents.⁵

The Social Service Coordinator should have an on-site presence at the PACT Properties and should outline in the Social Services Plan their hours of operation and how they plan to be accessible and available to residents at all of the Properties in the PACT Project. The Social Service Coordinator should be introduced to residents before providing services or programming. Information about the role of the Social Service Coordinator should be described in resident meetings and shared with residents via letters, flyers, the Project website, and/or email.

The Social Service Coordinator will be responsible for reporting metrics on all services provided to residents under their umbrella (either by the Social Service Coordinator directly or through other providers who work with residents on-site). See Reporting Requirements below for additional details.

The Social Services Plan

The Designated Project Teams must prepare a detailed Social Services Plan that is informed by their comprehensive Needs Assessment and describes how PACT Partners plan to coordinate services across the Project.

⁵ 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. NYCHA expects that property management and the social service provider will work together to conduct proactive outreach around tenancy issues, as outlined in the Resident Stability & Retention Guidelines.

One approved by NYCHA, an overview of the Social Services Plan should be included in the Community Plan.

Expectations for what to include in the Social Services Plan are listed below. PACT Partners must submit a draft Social Services Plan to NYCHA for review and comment before finalizing. The final Social Services Plan must be submitted prior to the submission of the HUD RAD Financing Plan or Section 18 application to HUD.

Required information to include in the Social Services Plan:

- a. Provide an introduction to the Social Service Coordinator and outline the roles of all known service providers;
- b. Share a summary of the Needs Assessment, including a narrative on how assessment findings have shaped the plan;
- c. Outline how relevant services will be coordinated for residents across all necessary providers and programs through a service coordination model;
- d. Describe all resources to be provided across all developments;
- e. Note how the PACT Partners will preserve the services offered by existing provider(s) for the duration of their existing service contract(s) with City agencies;
 - i. Outline how the team will facilitate access to and share information about new social services or community amenities and programming;
- f. Propose a budget for the provision of all services and programs (see section on the budget below);
- g. Propose goals and metrics that the Social Service Coordinator will report back to NYCHA on a quarterly basis (see section on reporting below);
- h. Outline a proposed timeline for conducting additional assessments in the future and share how PACT Partners will continue to incorporate resident feedback on an on-going basis; and
- i. Develop a strategy for promoting the Family Self-Sufficiency (FSS) program to all households.

Preserving Services with Existing Providers

In some cases, there are existing on-site social services providers at the properties. Some existing providers receive funding through one or more awarded contracts following a competitive procurement process 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 with contract terms that include specific performance and insurance requirements. Designated Project Teams will be provided with a list of existing providers and service contracts, including the name of the provider and City agency funder, if applicable. NYCHA's Portfolio Planning and Community Development teams will coordinate an introduction to current providers after the initial kick-off meeting with NYCHA.

To the extent that there are existing providers, Designated Project Teams must work with the 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 must 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 service contract, or any future renewal contract.

The Designated Partner team will be expected to execute leases with existing providers that reflect the agreed-upon and understood terms. If the PACT Partner and NYCHA select existing providers to join the team as the Social Service Coordinator, the existing providers must be engaged to deliver new services in addition to the scope of their existing service contracts. These services must be resident-informed, as described above, and negotiated directly with 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 development. PACT Partners 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 following conversion. The Designated Partner team, including the Social Service Coordinator, must participate in hand-off meetings between NYCHA and partner City agencies and third-party providers to ensure continuity.

Through the Needs Assessment and in conversations with existing providers, the Designated Partner team should also assess the existing conditions and physical needs of community facilities at the site and consider how PACT investments can improve current conditions. Designated Partners should consider how to extend, support, or enhance the delivery of current services and programming when possible through physical investments in community facilities.

New Services

In addition to preserving and enhancing the services offered by existing service providers partners for the duration of the existing service contracts with City agencies, Designated Partners should consider expanding the range of services provided to residents based on the needs, priorities, and service gaps identified as part of the Needs Assessment. The provision of additional services must be coordinated through the Social Service Coordinator role. The Designated Project Team may consider new programs to replace expired existing service contracts based on resident feedback. The Designated Project Team will then develop and, upon construction closing, execute programs via its Social Services Plan to provide identified services to residents.

Proposed Budget

The Designated Project Team's Social Services Plan must include a budget proposal to support the provision of services and programming over the long term. NYCHA's baseline requirement is to assume (1) a one-time, up-front social service reserve of \$300 per unit

and (2) an additional \$300 per unit in annual costs to fund social services on an ongoing basis, escalating at 3% annually. However, Designated Project Teams should tailor their budget to the specific needs of the community and to ensure the successful implementation of their Social Services Plan.

The proposed budget should outline different program expenses against their annual total budget allocation and indicate the percentage of annual funding that will be used by each program. The proposed budget should also outline the number of staff required to deliver programming and services, as well as other operational costs, such as supplies, technology needs, and staff training.

Reporting Requirements

The final Social Services Plan should include detailed metrics pertaining to social service utilization, participation, and outcomes. Metrics should match the programming and services offered. The Social Service Coordinator should outline goals for each metric on an annual basis. The Social Service Coordinator must report to NYCHA on a quarterly basis. This report should include a combination of quantifiable and qualitative updates based on the goals of the Social Services Plan. The Social Service Coordinator should assume the responsibility of collecting information from all providers to inform the quarterly reports.

Ongoing Assessments and Adjustments

The Social Service Coordinator should also plan for ongoing adjustments to the provision of services and programming based on resident input and their ability to meet the goals outlined in the Social Services Plan. The Social Services Plan should outline a proposed timeline for conducting additional assessments in the future and consider how resident feedback will inform the creation or refinement of future plans.

D. Design & Construction Requirements

1. Rehabilitation Scope of Work

The Designated Project Teams will be required to develop a Rehabilitation Scope of Work outlining their plans to address the capital needs of the Properties within their respective Project. This Scope will be developed in collaboration with NYCHA, residents, and other stakeholders.

The Designated Project Teams will be required to demonstrate that the proposed Rehabilitation Scope of Work fully addresses the critical repair needs of the Property(ies), as well as NYCHA's goals for design excellence, sustainability, and resiliency. Additional information can be found in *Exhibit C - PACT Rehabilitation Scope of Work Guidelines*.

Existing improvements that have been made using City capital funding will need to remain in place for the useful life of such improvements. If such improvements exist at the Property or Properties, they will be identified to the Designated Project Team(s).

The Designated Project Teams will be required by NYCHA to update and revise the Rehabilitation Scope of Work throughout pre-development. Prior to financial closing, the Designated Project Teams will be required to submit a Rehabilitation Scope of Work in a format suitable to NYCHA and HUD.

The Designated Project Teams will be responsible for inspecting units in the Project prior to construction closing to inform revisions to the proposed Rehabilitation Scope of Work. The Designated Project Teams will be expected to develop the Rehabilitation Scope of Work to be responsive to resident feedback.

2. Physical Needs Assessment (“PNA”)

PACT requires that all capital repair needs of the Properties be fully addressed. NYCHA focuses on the twenty (20) year physical needs to inform the appropriate rehabilitation scope of work for all PACT conversions. A detailed breakout of the 20-year physical needs for each Project based on the NYCHA PNA technical reports is included as Exhibit B - 2017 Detailed Physical Needs Assessment.

3. Design Guidelines

The Rehabilitation Scope of Work must conform to the NYCHA PACT Rehabilitation Scope of Work Guidelines (Exhibit C), the Zoning Resolution of the City of New York, effective as of December 15, 1961, as amended to date, and as the same may be amended (the “**NYC Zoning Resolution**”), the NYC Construction Codes, and all other applicable laws and regulations. The Designated Project Teams should consider the priorities identified in the NYCHA Design Guidelines for the Rehabilitation of NYCHA Residential Buildings, the NYCHA Connected Communities Guidebook, the NYCHA Sustainability Agenda, and the NYCHA Climate Mitigation Road Map as they develop their proposals.

1. PACT Rehabilitation Scope of Work Guidelines (included as Exhibit C)
2. The NYCHA Design Guidelines for the Rehabilitation of NYCHA Residential Buildings can be found here:
<https://www1.nyc.gov/assets/nycha/downloads/pdf/nycha-design-guidelines.pdf>
3. The NYCHA Connected Communities Guidebook can be found here:
<https://www1.nyc.gov/assets/nycha/downloads/pdf/Connected-Communities-Guidebook.pdf>
4. The NYCHA Sustainability Agenda (**Updated 2021**) can be found here:
https://www1.nyc.gov/assets/nycha/downloads/pdf/NYCHA_Sustainability_Agenda.pdf
5. The NYCHA Climate Mitigation Road Map can be found here:
<https://www1.nyc.gov/assets/nycha/downloads/pdf/NYCHA-LL97-Whitepaper.pdf>

Consistent with the Connected Communities Guidebook, the Designated Project Teams must consider strategies that enhance the overall quality of life and provide new amenities and resources for NYCHA residents. For example, the Designated Project Teams should consider improvements to existing amenities and should evaluate creation of new amenities including open spaces, community centers and community facilities, community-serving retail spaces, and affordable housing. The Designated Project Teams

should propose site plans and enhanced site infrastructure that better connects residents to transportation and general mobility infrastructure and services.

The Designated Project Teams will meet with NYCHA throughout predevelopment and will be responsible for submitting final construction documents to NYCHA, which shall conform to previous approvals and review comments made by NYCHA. The Designated Project Teams will be responsible for obtaining any and all building and/or construction permits or approvals required by NYCHA and any lenders and that are necessary to achieve closing and complete the Project.

4. Tenant-In-Place Rehabilitation

Unless not possible due to health and safety reasons, the Designated Project Teams should assume that the Rehabilitation Scope of Work will be completed with tenants-in-place to minimize disruption to residents' lives to the extent safe and feasible.

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 plan will be subject to NYCHA's approval and be in accordance with all applicable legal requirements. The Designated Project Teams will be required to submit a temporary relocation plan and resident-facing guide, tenant protection plan and construction logistics plan, in all cases subject to NYCHA approval, that detail any temporary resident relocations to address pertinent health issues, especially those of senior residents, that may arise during construction.

5. Accessibility

The Rehabilitation Scope of Work must 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, Section 504 of the Rehabilitation Act of 1973, and NYCHA's 2021 Assurances Agreement with HUD concerning accessibility for PACT Projects.

6. Environmental Review

The environmental review process provides a means for public agencies to systematically review proposed discretionary actions to analyze the effect a proposed project will have on the people and the natural environment within a designated project area and the effect the material and social environment may have on a project. 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 or permitting from a New York City agency such as HPD or HDC are discretionary actions subject to City Environmental Quality Review ("CEQR").

The Designated Project Teams are expected to be familiar 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>

7. Historic Preservation

The Designated Project Teams are responsible for any required mitigation of adverse impacts or adverse effects to historic and cultural resources that are determined to be eligible, or are listed, on the National Register of Historic Places as such terms are further explained in The National Historic Preservation Act codified at 54 U.S.C. §§ 300101 et. al. and 36 CFR Part 800, and the New York State Historic Preservation Act of 1980 as codified at New York State Parks, Recreation and Historic Preservation Law Article 14, if applicable. Any substantial changes to cultural or historic resources require consultation with the State Historic Preservation Office (“**SHPO**”) of the New York State Office of Parks, Recreation and Historic Preservation in accordance with the New York State Historic Preservation Act of 1980 (See Section 14.09 of the New York State Parks, Recreation and Historic Preservation Law) in order to explore potential measures that would avoid, minimize or mitigate any adverse impacts or adverse effects to cultural and historic resources as guided by the Secretary of the Interior’s Standards for Rehabilitation.

Furthermore, NYCHA and SHPO have entered into a Programmatic Agreement (“**PA**”) that can be found here:

<https://www1.nyc.gov/assets/hpd/downloads/pdfs/services/nycha-section-106-programmatic-agreement.pdf>

None of the Properties are identified in the PA as National Register Listed or Eligible for evaluation, nor are they identified in the PA as having Historic Artwork at a given Property.

8. Sustainability Program

NYCHA is committed to advancing environmental justice in its communities by ensuring that investments in public housing create energy efficient, sustainable, and resilient buildings. The Rehabilitation Scope of Work should meet the requirements of and obtain certification through the New York City Overlay to the Enterprise Green Communities Criteria. PACT-specific requirements within the Criteria are described in Exhibit M. Before construction closing, a final Criteria checklist must be submitted to NYCHA for approval.

9. Local Law 97 (LL97) of 2019

LL97 introduced a schedule requiring owners of large and medium-sized buildings to significantly reduce their greenhouse gas emissions (“**GHG**”) relative to a 2005 baseline. PACT developments that receive HUD project-based assistance are required to comply with LL97 provisions as described in NYC Administrative Code Title 28, Article 321. More information on LL97 and Article 321 can be found here:

https://www1.nyc.gov/assets/buildings/local_laws/ll97of2019.pdf

The Department of Buildings (“DOB”) will also issue guidance on compliance paths and required documentation for Affordable Housing including buildings on NYCHA land that participate in the PACT program:

<https://www1.nyc.gov/assets/hpd/downloads/pdfs/services/1197-compliance-flow-chart.pdf>

10. Electrification Analysis and Long-Term Emissions Reduction Plan

The Designated Project Teams will be required to analyze the feasibility of replacing fossil fuel-powered systems, such as those used for space heating, water heating, cooking, and laundry, with electrified technologies. The Electrification Analysis must include a long-term emissions reduction plan that demonstrates an 80% reduction in GHG emissions by 2050.

The Electrification Analysis must include, at a minimum:

- a. Scope of work that assumes electrification of heat and hot water generation using high-efficiency heat pumps; cooking using induction or electric stoves and provision of space cooling to each apartment, as well as solar photovoltaics;
- b. Conversion 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;
- c. Description and capacity of proposed systems being analyzed;
- d. Estimated installation costs;
- e. Costs and estimated annual maintenance and operating costs; and,
- f. Description of major obstacles to implementation.

11. Resiliency

The Designated Project Teams will be required to submit a climate risk assessment as part of their Rehabilitation Scope of Work. Climate risk assessments should conform to guidance, processes, and protocols outlined in the Mayor’s Office of Resiliency’s “Climate Resiliency Design Guidelines” and “New York City Stormwater Resiliency Plan.” Such climate risk assessments must consider, at a minimum, concerns associated with increasing heat, increasing precipitation (stormwater flooding, groundwater intrusion), and sea level rise (storm surge, tidal inundation). Results from the risk assessment should inform resiliency measures to be identified in the Rehabilitation Scope of Work.

In addition, the Rehabilitation Scope of Work should incorporate site stormwater design elements building on guidance from the NYC DEP Unified Stormwater Rule (“USWR”).

The “Climate Resiliency Design Guidelines” can be found here:

https://www1.nyc.gov/assets/orr/pdf/NYC_Climate_Resiliency_Design_Guidelines_v4-0.pdf

The “New York City Stormwater Resiliency Plan” can be found here:

<https://www1.nyc.gov/assets/orr/pdf/publications/stormwater-resiliency-plan.pdf>

NYC DEP Unified Stormwater Rule (USWR):

<https://www1.nyc.gov/site/dep/water/unified-stormwater-rule.page>

12. Waste Management Infrastructure

The Designated Project Teams will be required to submit a waste management plan and *PACT Transition – Waste Management Handover Guide*, as outlined in Exhibit G (and as may be updated from time to time), that comply with the following requirements:

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

In addition, the Designated Project Teams must incorporate waste management strategies from the NYCHA Sustainability Agenda and the NYCHA 2.0 Waste Management Plan:

- a. The “NYCHA Sustainability Agenda” can be found here:
https://www1.nyc.gov/assets/nycha/downloads/pdf/NYCHA_Sustainability_Agenda.pdf
- b. The “NYCHA 2.0 Waste Management Plan” can be found here:
<https://www1.nyc.gov/assets/nycha/downloads/pdf/n20-waste-management-plan.pdf>

13. 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 Designated Project Teams will be required to select Option 1 and submit a C&D waste management plan for new construction and rehabilitation work at the Properties that establishes project-specific waste estimates, waste diversion goals, waste prevention measures, reuse inventory, communication plan, contamination prevention measures, and a recycling facility list.

E. Ownership and Control

NYCHA will convey the Properties to the Designated Project Teams through a long-term 99-year 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 the Designated Project Teams to enter into additional agreement(s) to memorialize resident rights, guarantee long-term affordability, and to satisfy any additional NYCHA, HDC, HPD (if applicable) and/or HUD requirements.

F. Project Financing and Fee Requirements

NYCHA and HDC will determine, and HDC will arrange, the financing structure for the Project. Financing for the Project must incorporate the items detailed below.

1. Underwriting Guidelines and Underwriting Template

The PACT underwriting guidelines are included as Exhibit R (the “**Underwriting Guidelines**”) and the underwriting template is included within Exhibit S (the “**Underwriting Template**”). The Projects must reflect the Underwriting Guidelines and the Underwriting Template instructions, interest rate, amortization, rental assumptions, unit mixes, and the disposition methods unless otherwise instructed. The Designated Project Teams will be required to revise underwriting assumptions as requested by NYCHA and HDC.

2. Proposed Financing Structure

Sources and uses must balance. To the extent sources proposed are not fully committed at the time of designation, the Designated Project Teams 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

The priority of the PACT program is delivering comprehensive repairs for residents. To the extent the proposed scope of repair cannot be funded by available financial sources, the Designated Project Teams may show a gap in the project sources, which would potentially be funded by requesting City subsidy. Proposals that minimize the use of City subsidy, while meeting the full capital needs of the Project, will be reviewed favorably. In the event of a financial gap, the Designated Project Teams must provide a narrative description of how it would modify the proposed scope to close the financing gap.

If requesting City Subsidy, the following should be considered:

1. If City subsidy is required, a higher percentage of applicant and/or third-party equity may be required.
2. If projects contemplate City subsidy, an upfront acquisition payment should not be proposed.

4. Low-Income Housing Tax Credits (“LIHTCs”)

The financing structure for any PACT rehabilitation funding cannot rely on 4% or 9% LIHTCs.

5. Historic Tax Credits (“HTCs”)

If determined to be eligible, the financing structure for a PACT rehabilitation funding may assume State and/or Federal HTCs. If a Designated Project Team’s proposed financing structure utilizes HTCs, a developer equity contribution is still required. Use of HTCs is subject to Local, State and Federal approvals.

6. Rent Levels

- a. The **RAD contract rents** must be underwritten based on the applicable 2020 RAD rents as provided in the Underwriting Template. Note that these rents, released by HUD in 2021, have been adjusted by the appropriate Operating Cost Adjustment Factor (the “**OCAF**”) and apply through December 2022. NYCHA may provide revised rental assumptions at any time.
- b. The **Section 18 contract rents** can be underwritten up to 110% of FMR less applicable utility allowances, subject to rent reasonableness. The Designated Project Teams should not adjust these rental assumptions unless NYCHA provides specific direction to do so.
- c. “**Over-Income**” Households: Since the 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 Property undergoing conversion based on any rescreening, income eligibility, or income targeting. Current public housing residents in the converting Property 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 Property and pay no more than 30% of adjusted gross income as rent. Adjustments to the rental assumptions in the Underwriting Template should not be made to account for Over-Income household assumptions.

7. Developer Fee

- a. The Designated Project Teams should assume that NYCHA receives 50% of the developer fee, if applicable, and should seek to maximize the ongoing annual cash flow return to NYCHA.
- b. The total developer fee (inclusive of the share to NYCHA) will be limited to 10% of total development costs, excluding acquisition, existing debt, developer fee, and reserves, conforming to the requirements of the RAD Notice, as will be specified in the executed Conditional Designation letter (the “CDL Proposal”). The structure and timing of release of the developer fee will be subject to lender approval.

8. 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.

9. Equity

- a. An equity contribution from a Designated Project Team and/or third party “Preservation” equity equal to at least 5% of the total development cost, less existing debt, developer fee and reserves will be required.
- b. If City subsidy is required, a higher percentage of Designated Project Team and/or third-party equity may be required.

- c. Any third-party providing equity to a Designated Project Team (“Third-Party Equity Partner”), which 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. 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.
- d. Any equity generated through a federal, state or local tax credit program is not considered Applicant and/or third-party equity for purposes of this section.

10. Payment and Performance Bond

General Contractors must provide a 100% Payment and Performance Bond, acceptable to HUD, NYCHA, 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.

11. 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 HDC, or any other lenders or financing partners. In addition, the Designated Project Teams will be responsible for providing to NYCHA and HDC an environmental indemnification, a completion guaranty, and any other applicable guarantees.

12. Acquisition Cost

Until an appraisal is completed, the “Acquisition Cost” should represent the capitalized net operating income from the first year of stabilized operations (“**NOI**”), less the lesser of (1) the Developer Hard Costs, or (2) the HUD Housing Construction Costs (“**HCC**”).

Assume a 5.25% cap rate. The HUD HCC can be found here:

https://www.hud.gov/sites/dfiles/PIH/documents/TDCs_2022.pdf.

13. Upfront Acquisition Payment

If funds are available, an upfront acquisition payment to NYCHA should be provided. If the Project contemplates City subsidy, an upfront acquisition payment should not be proposed.

14. Seller Note

To the extent funds are not available to fully compensate NYCHA for the Acquisition Cost, a “Seller Note” representing the Acquisition Cost, less the upfront acquisition payment, any applicable debt, and any applicable payments for arrears, is required from the Developer (or its affiliated entity) in favor of NYCHA. The term and rate of the Seller Note shall match the term and rate of the permanent loan.

15. Return to NYCHA

The ongoing annual returns to NYCHA should not be less than a 50% contribution of annual cash flows. 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 viewed favorably.

16. 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 3% escalations.
- b. Utility Management Fee: All utilities, excluding electricity, will be transferred to owner's account at closing. NYCHA will continue to hold the electricity account for the Project at Developer's election. The Developer will be responsible for the following:
 1. A fee to NYCHA of \$30 per unit per year, with a 3% annual increase in the 1st quarter of each calendar year starting after the first full year of operations. This fee is to compensate NYCHA for its role as the electricity administrator and is to be paid in quarterly increments (the "**Utility Management Fee**"). Each discrete Commercial and/or Community Facility space(s) should be included and viewed as one respective unit for the purposes of this calculation;
 2. A quarterly payment covering all electricity costs incurred that quarter to be paid to NYCHA (the "**Utility Payment**");
 3. A reserve (the "**Utility Management Reserve**") that should be initially sized off of (1) a half-year (two quarter) average of the trailing year's electricity costs plus (2) a half year (two quarters) of Utility Management Fees, which is to be funded in full at closing. Quarterly, the Utility Management Reserve will be drawn down by NYCHA and replenished by the Utility Payments and Utility Management Fee. This reserve can be a component of the total Operating Reserve.

To maintain NYCHA's rates, these bills must be paid promptly on a quarterly basis.

- c. Existing Debt and Bonds: NYCHA must be repaid for all outstanding balances on expended and capitalized bond proceeds and debt as detailed in the Underwriting Template.
- d. Section 8 Transition Fee: Include a one-time Section 8 Transition Fee of at least \$150 per public housing unit to cover the programmatic expenses associated with the transition of these units to Section 8, including on-site property management transition, back-office conversion tasks, and HQS inspections.
- e. 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, RAD CNAs, Obsolescence Reports, resident technical assistance or services, and appraisers.
- f. NYCHA Tenant Legal Hotline Fee: The Designated Project Teams will be responsible for providing residents with free legal services in connection with the Project in order to 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 legal services provider(s), but the Designated Project Teams will be responsible for

entering into a contract (and funding) outlining the provision of services from the legal services provider.

- g. Resident Advisor / Technical Assistance Fee: At least \$50,000 per Project and an additional \$40 per 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 Teams 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 Proposal and/or Community Engagement Plan. The Designated Project Teams 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 and education 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.
- h. Independent Mold Analyst: NYCHA must be repaid for a third-party independent mold analyst required for all PACT projects pursuant to the Agreement Regarding Settlement of Section 8 Claims.
- i. Lead Monitor: If applicable, NYCHA must be repaid for a third-party lead monitor in accordance with the Lead Action Plan that has been approved, as required by the 2019 HUD Agreement.
- j. NYCHA Construction Monitor: Third-party construction representative for NYCHA who attends monthly/bi-weekly meetings and performs spot-check inspections including walk-throughs of completed units. This is a separate scope of work and line-item as the bank's engineer.
- k. NYCHA Tax Consultant Fee: Assume a \$15,000 annual NYCHA Tax Consultant Fee, escalated at 3%.
- l. Organizational Costs: A Designated Project Teams must assume that it is responsible for general organizational costs including fees charged by New York State Division of Corporations, annual audit and account fees, and other fees charged by agencies of New York State or the City of New York.

17. NYCHA Purchase Option

NYCHA will require that NYCHA have a purchase option on a Designated Project Team'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. For the avoidance of doubt, such purchase option will be in addition to NYCHA's right to remove any or all members of a Designated Project Team at any time due to failure to comply with the terms of the agreements or meet the standards for performance required thereunder.

18. Residential Property Taxes

Tax benefits will be available through a negotiated Payment In Lieu of Taxes ("PILOT") agreement between NYCHA and the City. A Designated Project Team may 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 based on the applicable formula.

19. Taxes and Fees

A Designated Project Team 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 Team is responsible for payment of all predevelopment cost(s) and meeting any other terms and conditions as required by HUD, NYCHA, HDC, other lenders, and/or investors.

20. Future Refinancing

NYCHA and HDC approval is required for any refinancing or restructuring of permanent debt.

21. RAD/Section 18 Threshold Test

A Designated Project Team must ensure that the Rehabilitation Scope of Work meets or exceeds the 60% HCC requirements in the RAD/Section 18 blend underwriting scenario, or in any Section 18 underwriting scenario, at least 62.5% for elevator buildings, or 57.14% for walk up buildings, of the HUD-published TDC threshold. The applicable HCC and TDC calculator is included in Exhibit S - Underwriting Templates.

22. Developer Return Requirements

NYCHA understands that sources and uses will shift between the time of Proposals and construction closing. The Designated Project Team should advise NYCHA of any updates to its minimum return requirements, as outlined in Exhibit S - Underwriting Templates "Project Team Summary" tab. The Designated Project Team must clearly specify its return requirements in Exhibit S - Underwriting Templates as it relates to equity contributed.

23. Tenant Participation Activities ("TPA") Funding

Per the RAD Notice, an annual resident participation fee of \$25 per unit must be accounted for in the management and operations budget. In some cases, NYCHA may have unused TPA funds that it will transfer to the Designated Project Team at construction closing to be provided to the resident association at the projects.

24. Social Service Provision Budget

See Section (IV)(C) for detail on the required Social Service Reserve and annual funding requirements. The annual Social Services budget should be reflected within the management and operations budget within 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 “Building Service 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 of 80% of the Building Service Prevailing Wage Schedule in effect at the time of such adjustments. Supplemental benefits, including the provision of Affordable Care Act compliant health-coverage, shall commence no later than 90 days after an employee’s hire.

3. **Wage standard for security workers**

Employees performing security services, including fire watch guards, whether employed directly by the Designated Project Team (including the property manager) or a third party contractor, shall be paid no less than 100% of prevailing wage, including supplemental benefits, for security workers, as established by the Comptroller of the City of New York pursuant to Article 9 of the New York State Labor Law. Supplemental benefits, including the provision of Affordable Care Act compliant health-coverage, shall commence no later than 90 days after an employee’s hire.

4. **Labor relations**

The Designated Project Team is expected to maintain harmonious and successful labor relations.

5. **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 Part 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 assisted 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.

6. Resident Hiring, Training and Economic Opportunities

Pursuant to NYCHA's goal of generating economic opportunities for its residents, the Designated Project Team 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 Team shall sponsor and train NYCHA residents for construction, property management, and social service employment opportunities consistent with HUD Section 3 and NYCHA requirements.

The Designated Project Team shall collaborate with NYCHA's Resident Economic Empowerment and Sustainability Department ("**REES**") to finalize an agreed upon training and hiring plan known as the Section 3 and Resident Economic Opportunity Plan ("**Section 3 REO Plan**") that is consistent with applicable HUD Section 3 and NYCHA requirements. 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 Team 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 number 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 Team 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 Team will

continue to report all recruitment and hiring activities and compliance with Davis Bacon and Section 3 to NYCHA on a monthly basis.

8. NYCHA Staff Redeployment

The Designated Project Team 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.

2. 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.

3. Mandatory Insurance Coverage

The Designated Project Team must adhere to all requirements included in NYCHA's Insurance Requirements Guide attached hereto as Exhibit L. An insurance quote should be reflected in the Applicant's financial proposal. Designated Project Teams must also satisfy all HDC and other lender insurance requirements.

4. 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 or the new construction sites. These include, but are not limited to, development rights created in the future pursuant to any rezoning of any portion of the Properties or created under the transaction or by the addition of parcels to the zoning lot as further set forth in the Lease or other Project documents, all of which rights will remain vested in NYCHA and the use of which is in NYCHA's sole and absolute discretion. The Designated Project Team will have no approval rights over NYCHA's use of such development rights. NYCHA will inform Designated Project Team if it elects to sell any development rights prior to closing this Project.

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. The area to be leased to the Designated Project Team will generally consist of the entirety of the Property, but NYCHA will reserve the right through Project documents to recapture parcels in the future at its sole and absolute discretion that: 1) do not compromise the functioning of the Properties as Section 8 housing, 2) do not affect compliance of the Property as relates to the 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, 4) compensate the PACT Component for the depreciated value of improvements made to the parcels through the PACT program and throughout the duration of the lease, and 5) do not impact the new construction sites.

The Designated Project Team will not have a right of first refusal on any future development outside of the new construction sites at the Properties, though NYCHA, at its sole and absolute discretion, could determine that it is beneficial for the Designated Project Team 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. The Designated Project Team and its lenders agree to cooperate fully with NYCHA on the recaptures. Prior to conducting predevelopment work, including ordering appraisals and surveys, the Designated Project Team will confirm the anticipated dimensions of the recaptured area.

V. PROCUREMENT PROCESS

A. Process Overview

As indicated RFQ #359905, 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), Architect(s), and other professionals as needed to prepare a competitive Proposal. Applicants may elect to include General Contractors in their Project Teams when preparing Proposals in response to this RFEI, but General Contractors are not required to be included as part of the initial Project Team. In instances where a Designated Project Team did not include a General Contractor in the Project Team as part of their submission, the General Contractor(s) will be identified by the Designated Project Team in coordination with NYCHA following the completion of Schematic Designs.

Following selection, the Designated Project Teams will be responsible for obtaining financing for the transaction, completing the required tenant-in-place rehabilitation, managing the Property(ies), and supporting a Social Service Coordinator in compliance with this RFEI and other NYCHA specifications, the Applicant's Proposal, and the Project's applicable financing requirements. NYCHA and HDC acknowledge that the Designated Project Teams 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. Applicants are encouraged to form partnerships and assemble teams in order to supplement internal capacity.

The Social Service Coordinator should not be included as part of the initial Project Team. This partner will be identified in coordination with NYCHA and resident leaders following the preparation of a comprehensive Needs Assessment to be completed shortly after selection of the Project Team. However, in their Proposal, Applicants should describe how they intend to conduct a Needs Assessment and develop a Social Services Plan, and whether partnerships with consultants or community-based organizations will be needed to execute this work. In their Proposal, Applicants are welcome to identify a Social Service Coordinator(s) with which they have experience, or which may be strong candidates for this Project. Applicants must abide by the Underwriting Guidelines in Exhibit R in terms of budgeting for the provision of social services.

Following a comparative review of the Competitive Selection Criteria by NYCHA, HDC, and the Resident Review Committee (as defined and described in Section VI), Applicants will be designated to commence negotiations with NYCHA ("**Designated Project Team**") for the 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.

Project Interest Form

Interested Pre-Qualified Partners are required to form a Project Team consisting of Developer(s) and Property Manager(s), as described above, and, as an Applicant, notify NYCHA of its interest in being considered for preparing a Proposal for the Project by completing the web-based Project Interest Form (the “**Interest Form**”) located at: <https://forms.office.com/g/bAhhipsZ4P>. Applicants will complete the Interest Form by providing information about their Project Team as well as those Project(s) for which they would like to be considered. Applicants may select one or more developments.

Project Teams may consist of one entity per category (e.g., Developer, Property Manager), or joint ventures comprised of multiple Pre-Qualified Partners per category. Each Project Team must include at least one Developer member within the Project Team that (i) is an M/WBE Developer and/or a Nonprofit and (ii) has a Meaningful Role.

As described above, Applicants are not required to include a General Contractor in their Project Team but may elect to do so if desired. Applicants should not include a Social Service Coordinator in their Project Team before submitting the Interest Form. For the purpose of preparing, submitting, and processing the Interest 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 Interest Form prior to the submission deadline.

Pre-Qualified Developers may only be part of one (1) Project Team when preparing and submitting an Interest Form, regardless of whether they are submitting an Interest Form individually or as part of a joint venture. Pre-Qualified Property Managers, General Contractors, and other professionals indicated on the Interest Form may be part of more than one Project Team and may be included in multiple Interest Form submissions.

Applicants who conform with the requirement described above may include Property Managers and General Contractors on their Project Team who are not on NYCHA’s Pre-Qualified List provided that such Applicants adequately demonstrate, in NYCHA’s judgment, such Property Manager’s and General Contractor’s qualifications. ***Regardless of pre-qualification status, all Developer and Property Manager entities in a Project Team must complete the Residential and Property Management Experience forms included in Exhibit H.*** NYCHA may request supplemental information from pre-qualified and non-prequalified Property Managers and General Contractors to assess their qualifications. After Designation, the Designated Project Team may similarly propose to include a General Contractor who is not on NYCHA’s Pre-Qualified List, subject to the same requirements and subject to the outcome of a competitive process.

Submitting Proposals

Applicant must complete the Project Interest Form by **December 16, 2022**. In addition to the Interest Form, Applicants must submit a narrative description, not to exceed two pages in length, of their team’s qualifications, experience, and vision for the Project. The two-page narrative

description must be submitted to pact.partners@nycha.nyc.gov immediately after submitting the Interest Form for the Interest Form submission to be considered complete. The Interest Form and two-page narrative description will be reviewed by NYCHA and the Resident Review Committee to determine which Applicants may proceed to developing and submitting a Proposal (such Applicants, “**Eligible Applicants**”).

NYCHA will notify Applicants by email whether they are eligible to submit a Proposal (the “**Notification Email**”) and for which developments. 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 by stating one of the following responses for the Project (“**Applicant Response Email**”):

1. The Eligible Applicant will prepare and submit a Proposal for the Project(s) for which they have been deemed eligible.
2. The Applicant does not intend to prepare or submit a Proposal for one or more 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 reviewing the Interest Forms and send additional Notification Emails to Applicants.

Changes to Project Teams after Applicant Response Email

Once Eligible Applicants have sent their Applicant Response Email, they are not permitted to change, add, or remove additional entities to/from their Project Team until the Project Team has been designated. Once an Eligible Applicant has received notice from NYCHA that they are a Designated Project Team, they may request to change, add, or remove additional entities to/from Project Team subject to NYCHA’s approval in its sole discretion. NYCHA reserves the right to require additional documentation from any proposed new entities prior to making its determination. In all instances, the Applicant must retain the Lead Applicant that submitted the Interest Form.

B. Pre-Submission Conference and Site Visits

NYCHA and the Resident Review Committee will host one general pre-submission webinar on **November 30, 2022** via Zoom. The two parties will also host an in-person site visit of Hernandez and Mettzer Tower on **December 6, 2022**, and of Seward Park Extension on **December 7, 2022**. Applicants are strongly encouraged to attend both the pre-submission conference and site tour. In order to register for these events, Pre-Qualified Partners should follow this link and register by November 23, 2022: <https://forms.office.com/q/3f7HiNug9v>

Partners can also address any issues with completing the registration form by reaching out to the following email address: pact.partners@nycha.nyc.gov. 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 Resources for Partners and Vendors webpage.

During the site visit, 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 the Property should be submitted at <https://forms.office.com/g/wdzMrSef2m>

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 during the scheduled site visit. 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 **November 23, 2022 at 5 p.m.** Please submit questions by completing the form located at <https://forms.office.com/g/wdzMrSef2m>. NYCHA will allow a second window for questions, for which all questions must be submitted by **January 27, 2023 at 5 p.m.** Pre-qualified PACT Partners will be notified when responses to questions are posted to the PACT Procurement website.

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

D. Submission Due Date

The Proposals must be submitted electronically via NYCHA's Sharepoint site per the instructions to be provided no later than **5:00 p.m. on February 17, 2023** (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 Proposals. RFEI Exhibits and any additional information will be accessed at NYCHA's PACT

Procurement website located at: <https://www1.nyc.gov/site/nycha/about/pact/procurement.page> unless otherwise instructed through a notice to Applicants. Subsequent to processing the Interest Forms, NYCHA may elect to utilize an alternative method of distributing Property information to Eligible Applicants.

VI. APPLICANT SELECTION CRITERIA & PROCESS

A. Review

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. 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 Team 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 and Property Managers with direct experience delivering rehabilitation projects. To this end, Project Teams that have been selected on PACT rounds closely preceding the issuance of sites per this RFEI will be evaluated with respect to capacity to undertake an additional PACT project.

Additionally, NYCHA and HDC will work closely with resident leaders in the evaluation and selection of Project Teams who submit both Interest Forms and Proposals in response to this RFEI. Resident leaders will form a Resident Review Committee who will be trained and given access to all Interest Forms and Proposal materials (with the exception of personally identifiable information and personal asset/financial statements, which will be redacted). Residents who participate on the Resident Review Committee will also sign a Confidentiality and Conflict of Interest Agreement.

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 to 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.

Development Experience and Capacity

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

1. Applicant's financial capacity to undertake the Project;
2. Quality of construction and design in projects completed or currently under construction by the Project Team and/or its Principals;
3. Extent of the Project Team's experience, in terms of number, size, type, and complexity of rehabilitation projects within the last five (5) years;
4. 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 Heating, Ventilation, and Air Conditioning system conversions with tenants in-place;
5. Successful and timely completion of tenant-in-place rehabilitation projects of similar size, type, and complexity;
6. Experience with securing affordable housing financing;
7. Experience with developing and/or preserving affordable housing projects in partnership with public agencies;
8. Experience with engaging resident, community, and municipal stakeholders.
9. Applicants are encouraged to form partnerships and assemble teams in order to supplement internal capacity;
10. Experience with similar large-scale affordable, RAD, or Section 8 developments;
11. Experience in harmonious and successful labor relations and lack of negative labor issues;
12. Successful track record of Section 3 compliance and a commitment to M/WBE hiring;
13. 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
14. Proven track record of delivering high quality projects on time and within budget.

Property Management Experience and Project Approach

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

1. Experience managing tenant-in-place rehabilitation, including experience with temporary resident relocation associated with lead-based paint or mold abatements;
2. Experience managing similarly sized affordable housing properties, including seniors, supportive services, and Section 8 PBV projects;
3. Experience managing public housing, mixed-finance public housing, and/or RAD projects, including demonstrated compliance with applicable regulations not limited to the New York City Housing Maintenance Code, and HUD's HQS;
4. Experience in harmonious and successful labor relations and lack of negative labor issues;
5. Experience managing and providing social services;
6. Experience managing community facility spaces, as applicable;
7. Experience managing commercial spaces, as applicable;
8. Experience managing affordable housing in New York City and/or relevant comparable markets;
9. Quality of proposed tenant transition in the Property Management Plan, including how rightsizing, HQS compliance and security issues are addressed;
10. Quality of proposed resident protection plan for the proposed tenant-in-place rehab, including tenant grievances; and
11. Strength and quality of the responses to the Management Questionnaire and overall approach to resident-centered, customer-service oriented Property Management.

Financial Proposal

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

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

Quality of Proposed Rehabilitation Scope of Work

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

1. Satisfactory demonstration that the proposed Rehabilitation Scope of Work fully addresses the 20-year capital needs of the Property;
2. The extent to which the proposed Rehabilitation Scope of Work demonstrates a commitment to perform work on every residential unit in a safe and timely manner;
3. The extent to which the proposed Rehabilitation Scope of Work is feasible, expeditious, and cost efficient;
4. The extent to which the proposed Rehabilitation Scope of Work includes additional improvements to the Property beyond meeting the required 20-year capital needs, such as sustainability and electrification improvements, safety and security improvements, site

improvements that adhere to the principles and spirit of the Connected Communities Guidebook (as referenced in Section D: Design and Construction Requirements), and additional residential amenities;

5. The quality of building materials proposed; and
6. The extent and quality of any proposed improvements to community facility and/or commercial spaces that support resident quality of life, as applicable.

Quality of Proposed Community Engagement Approach

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

1. Strength and quality of proposed community engagement strategy, including demonstrated experience with community planning and tenant outreach and engagement;
2. Familiarity with NYCHA tenant issues and concerns regarding PACT;
3. The extent to which the proposed community engagement approach incorporates best practices and creative ideas to ensure a multi-faceted, broad, and inclusive strategy; and
4. The extent to which the proposed community engagement approach 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).

Section 3 REO Plan

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

1. Section 3 REO Plans will be evaluated on the strength and quality of the proposed plan and feasibility of the goals and implementation procedures within the plan;
2. Proposers should demonstrate understanding of the Section 3 program and program requirements;
3. Proposers should demonstrate experience with training and hiring NYCHA and local low-income residents under Section 3 and otherwise;
4. Proposers should demonstrate a willingness to partner with REES; and
5. The extent to which the proposed Section 3 REO Plan considers other economic opportunities for NYCHA residents.

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 Team 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. As described, upon execution the terms of this Letter will represent the CDL Proposal.

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 Team to follow the Development Schedule may result in the termination of negotiations and the selection of another Applicant to be the Designated Project Team. 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 Team 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 Team. 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. They can also be accessed here:

<https://www.nychdc.com/develop>.

VII. SUBMISSION REQUIREMENTS

A. 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. Eligible Applicants may 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 Interest Form to communicate additional submission instructions to the Applicant. All submissions become the property of NYCHA.

By **February 17, 2023, at 5 p.m.**, Eligible Applicants must submit Proposals electronically through NYCHA's SharePoint system, for which access will be granted in advance of the submission deadline. Also by this date, Eligible Applicants must submit 10 printed and bound copies of the Proposal (not including the Appendix materials).

B. Proposal Outline and Content

In the Proposal, Applicants must describe how they plan to comply with the requirements of this RFEI and demonstrate an understanding of and commitment to completing and operating the Project in accordance with these requirements. Applicants should prepare a narrative description of their Proposal that includes the sections and information listed below. Applicants may include photographs, diagrams, illustrations, and/or renderings as needed in order to more clearly communicate their plans. **If a Project Team is submitting Proposals for multiple developments, they must prepare a separate Proposal for each individual development.**

The Proposal should be submitted in a single PDF document combining all contents of the submission in the order described below, with additional Appendix items being submitted as standalone files. The PDF document must be single paged, no two-page spreads, and formatted as letter sized pages (8.5 inches x 11 inches). The maximum file size for a single document submission is 100MB, and resolution should be at least 96 dpi. All fonts should be size 12 or larger.

Proposals must conform to the outline specified below and include content as described in each section. In addition to submitting all proposal materials in PDF and Excel formats as specified, Applicants should submit 10 printed and bound copies of the Proposal (not including the Appendix materials) for review by NYCHA and HDC staff and the Resident Review Committee. **Excluding the Appendix, the Proposal must not exceed 40 pages in length, or it will not be accepted.**

1. Cover Page

- a. The Proposal must contain a cover page showing the following information:
 - i. **“PACT Partner Proposal: [DEVELOPMENT NAME]”**
 - ii. Name of Applicant
 - iii. Name of each additional entity in the Project Team
 - iv. Contact information for the Applicant's primary point of contact

v. Date of submission

2. Proposal Overview (approximately 1 page)

- a. Provide a narrative description of the overall Proposal, including key information from the below sections.

3. Team Description (approximately 5 pages)

- a. Identify each firm and describe their roles.
- b. Describe relevant qualifications and experience, including any similar projects and ongoing or completed projects in the vicinity of the Property.
- c. Indicate which principals and staff members would have primary responsibilities for project implementation and describe their roles in the day-to-day management of the Project and any relevant experience (include full resumes in Appendix).
- d. Provide an organizational chart explaining the intended form and structure of the Project Team, including principals and the structure and percentages of ownership and investment.
- i. Entities that are an M/WBE Developer and/or Nonprofit Developer with a Meaningful Role should be stated clearly within the organizational chart. For those entities that have a Meaningful Role, the organizational chart should include descriptions as to how this is being determined.
- ii. Any proposed Third-Party Equity Partner must be identified as a member of the Project Team and described on the organizational chart.

4. Rehabilitation (approximately 5 pages)

- a. Provide a narrative description of the proposed Rehabilitation Scope of Work. At a minimum, the Rehabilitation Scope of Work must address all 20-year capital needs. Proposals should strive to achieve a comprehensive scope while limiting the need for City subsidy. It is understood that the proposed Rehabilitation Scope of Work will differ from the final Rehabilitation Scope of Work that is developed in cooperation with NYCHA and residents of the Property.
- b. The narrative must include a description of plans for the following areas:
- i. Sites & Grounds:
Including a description of i) site exterior amenities (e.g., playgrounds, gardens, outdoor athletic facilities); ii) landscape and hardscape; iii) irrigation, drainage, and stormwater management; iv) transportation; and v) resident mobility infrastructure.
- ii. Apartments:
Including proposed renovations to i) kitchens, ii) bathrooms, iii) living spaces, and iv) bedrooms.
- iii. Buildings:
Including proposed renovations to i) facades, ii) roofs, and iii) building structural elements.
- iv. Common Space (Interior):
Including a description of i) community facilities (existing and proposed), ii) interior amenities (laundry, community rooms, tenant association rooms, etc.), iii) entrances, lobbies, and circulation, iv) FF&E, and v) commercial space (where applicable).
- v. Systems:

- Including a description of i) heating and cooling, ii) domestic hot water, iii) electrical, iv) plumbing, vi) ventilation, vii) elevators, and viii) security
- vi. **Health & Safety:**
Including an approach to i) lead abatement, ii) mold remediation, iii) asbestos abatement, iv) hazardous materials (site), v) integrated pest management, vi) waste management, and viii) resiliency
- vii. **Energy & Sustainability:**
Including a description of a i) sustainability overview; ii) envelope, iii) systems, iv) electrification, v) on-site generation, vi) NYC Local Law compliance including LL:97 (for both 2030 and 2050), LL94/92, LL87, LL84, and LL33, v) Certification; and vi) Benchmarking
- viii. **Accessibility:**
Including an approach to complying with 2010 Americans with Disabilities Act or Uniform Federal Accessibility Standards, pursuant to the 2021 Assurances Agreement between NYCHA and HUD.
- c. Additionally, Proposals should describe any scope or approaches to scope that might necessitate temporary resident moves and should consider any historic preservation work that may be required.
- d. Summary cost estimates for the proposed Rehabilitation Scope of Work must be entered into Exhibit S: Underwriting Template “SOW Cost Estimates” tab in the format provided. Notes and a summary of what is contained in each division should be included.

5. Property Management (approximately 5 pages)

- a. Provide a narrative description of the proposed property management approach, including:
 - i. Strategies to ensure a high level of customer service and resident satisfaction;
 - ii. Plans for facilitating a successful resident transition, including temporary moves, rightsizing, and HQS compliance;
 - iii. Plans for improving security and public safety;
 - iv. Project-Based Section 8 compliance plans;
 - v. Plans to reduce and control operating costs;
 - vi. Specific methods that will be used to address issues such as elevator outages, mold, lead paint abatement, pest management, and heating outages; and
 - vii. Plans for management of non-residential spaces, as applicable.
- b. Respondents are encouraged to incorporate key information from their response to Exhibit D - Management Questionnaire (e.g., staffing plans, work order process, resident communications), which must be completed and included in the Appendix.

6. Resident Amenities and Social Services (approximately 5 pages)

- a. Describe the team’s approach to developing a comprehensive Social Services Plan to support resident needs and promote access to opportunity.
 - i. Refer to the “Social Service Coordination and Social Service-Related Requirements” for a full understanding of NYCHA’s expectations.
- b. Identify which organization(s) will be responsible for conducting the preliminary needs assessment and developing the Social Services Plan, and describe their approach, experience, and qualifications.

- c. Identify potential community partners and the services they provide.
- d. Identify any additional resources and amenities that will be offered to residents through this project.

7. Community Engagement (approximately 5 pages)

- a. Describe the proposed community engagement approach, including the approach, timeline, and strategies for communicating and engaging with residents and tenant association leadership during predevelopment, construction, and stabilized operations.
 - i. Community engagement and participation is expected to shape project plans, including the Rehabilitation Scope of Work, Property Management Plan, Social Services Plan, and other investments. See Exhibit P - Community Engagement Guidelines 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.
 - ii. 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.
- b. Briefly describe the general communications plan.
- c. Describe any staff, budget, or other resources that will be dedicated to support community engagement efforts.

8. Financial Proposal (approximately 3 pages)

- a. Provide a narrative description of the proposed financing strategy, which demonstrates compliance with this RFEI and explains the proposed funding sources and overall approach.
- b. NYCHA and HDC will determine, and HDC will arrange, the financing structure for the Project. Financing for the Project must incorporate the items detailed in Exhibit R - Underwriting Guidelines and Exhibit S - Underwriting Templates, as well as those outlined in the above “Project Financing and Fee Requirements” section. Applicants that would like to propose an alternative financing structure should articulate this within this section of the Proposal. However, in all cases, Applicants must provide a completed Exhibit S - Underwriting Templates that assumes the HDC financing terms provided. Compelling narratives will detail the potential financial impact of the alternative, highlight the Project Team’s experience with that financial structure, and demonstrate the feasibility of implementation.
- c. Preference will be given to Applicants that maximize the ongoing annual cash flow return to NYCHA, not to be less than a 50% contribution of annual cash flows.
- d. Proposals with favorable upfront acquisition payments to NYCHA will be viewed positively.
- e. Preference will be given to Applicants that propose equity (whether from the Applicant or a Third-Party Equity Partner) equal to at least 5% of the total development cost, less existing debt, developer fee and reserves. Applicants should describe their ability and willingness to contribute equity into the Project. Proposed equity contributions from the Applicant that are maximized will be reviewed favorably. NYCHA may be willing to reduce the amount of cash flow it

receives in order to maximize equity contributions from the Applicant; therefore, Applicants should indicate alternate cash flow splits that would allow the Applicant to maximize its equity contribution. If an Applicant is considering the inclusion of a Third-Party Equity Partner in the Project, 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 and return requirements. Proposals will be viewed favorably in which the investment period of the Third-Party Equity Partner is maximized.

- i. Copies of bank or other lender references should be included in the Appendix (if applicable).
- f. A rental pro forma (in the provided format in Exhibit S - Underwriting Templates) must be included in Excel format only.

9. Labor and Hiring (approximately 2 pages)

- a. Describe the proposed approach to labor and hiring, including for achieving Section 3 goals, hiring of NYCHA residents, providing training opportunities, employment of M/WBEs, and Davis-Bacon prevailing wage compliance, both during construction and for ongoing operations of the Property, as applicable.
- b. Describe any relevant experience, track record, and potential partnerships.

10. Conclusion (approximately 1 page)

Appendix

Applicants should **not** submit printed, hard copies of the Appendix. The items listed below should only be submitted electronically in the file formats specified.

1. Applicant Letter, Description, and Experience - Exhibit H

- a. Forms 1 and 2⁶ (PDF)
 - i. Due to 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
 - ii. 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. Residential Development and Management Experience Forms (Excel)
 - i. Regardless of current prequalification status, all Developer and Property Manager entities are required to submit these forms outlining their relevant experience.
 - ii. Note: All Developer entities must be currently listed on NYCHA's Pre-Qualified PACT Partners list as determined by RFQ #359905. Applicants proposing to include non-prequalified Property Managers in their Project

⁶ 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 H Form 2.

Team may, at NYCHA's discretion, be asked to provide additional materials, including asset statements.

- c. Resumes (PDF)
 - i. Provide resumes that include brief profiles of the team members' Developer and Property Management Principals, supporting associates, and staff to be primarily assigned to the Project. Applicants do not need to provide resumes for other consultants. This information must specify each team member's role, existing workload, and previous experience with similar projects, but should be as brief as possible.
 - ii. If the Applicant is proposing a non-prequalified Property Manager as part of their Project Team, the Applicant must provide detailed background material on the Property Management company. NYCHA may request additional information
- d. M/WBE Certification (PDF)
 - i. For each M/WBE Developer that will have a "Meaningful Role" on the Project to satisfy the RFEI requirement, a copy of M/WBE certification(s) must be included in the Proposal. Approved certifying entities include NYC Department of Small Business Services, Empire State Development, the State of New Jersey, or any other verifiable governmental or quasi-governmental certifying body.
- e. Current Workload (PDF)
 - i. Each Principal of the Developer and 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.
- f. Management Questionnaire - Exhibit D (PDF)
- g. Underwriting Template - Exhibit S (Excel)
 - i. Refer to the "Instructions" tab for relevant guidance.
- h. Bank/Lender References or Equity Letters of Interest
- i. HDC Eviction Questionnaire – Exhibit T (PDF)
 - i. All proposed Borrowers and Managing Agent Entities must submit both an Eviction Rate Questionnaire and an Eviction Training Certification as part of their RFEI submission. See Exhibit T - HDC Eviction Questionnaire for submission details.

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.

NYCHA reserves the right to share any or all components of the Applicant's response to this RFEI (including, without limitation, for training purposes) with NYCHA residents.

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.