

Questions & Answers Regarding Land Bank Francisville RFP
June 21, 2016

Q: Is it the developer's responsibility to find and qualify buyers followed by City verification?

A: Yes. The selected developer and/or their agent should identify and screen applicants before entering into an agreement of sale so that the buyer is likely qualified to purchase the home. The Land Bank is responsible for giving formal approval of homebuyer eligibility.

Q: How quickly does it take for a homebuyer to be formally approved by the Land Bank?

A: Historically it has taken 1-2 business days from receipt of a completed homebuyer application.

Q: Will the Land Bank reject a buyer after the developer has OK'd him/her?

A: Only for income eligibility reasons.

Q: Are homebuyer mortgages limited to certain lenders as with the previous PRA Neighborhood Stabilization Program (NSP)?

A: No, any bank, financial institution or other institutional lender is acceptable.

Q: Is the restrictive covenant recorded in the deed and does it survive foreclosure?

A: The "DECLARATION OF RESTRICTIVE COVENANTS, CONDITIONS AND RESTRICTIONS" executed by developer at time of settlement is recorded as a separate document. In the instance of foreclosure by the developer's lender, the restrictive covenants survive in most cases. Reference to the Restrictive Covenant will be inserted in the deed from the developer to the homebuyer. If the homebuyer's lender forecloses, in most cases, the restrictive covenant will terminate.

Q: Are there checks and balances for the quality of construction?

A: Yes, part selection process is a review of design and materials.

Q: Does the developer have to break ground on all 8 properties at once?

A: No. If the developer is proposing a phased development, the response should include timeline of phasing. It is the Land Bank's expectation that construction will commence within 3 months of the selected developer obtaining necessary permits.

Q: Does the buyer get the 10-year tax abatement?

A: These homes are eligible for the 10 year abatement the same as with other new construction. It will be the developer's responsibility to apply for abatements.

Q: Does the Land Bank retain ownership during construction or is it sold to the developer? Who, in turn, sells it to the homebuyer?

A: Yes, the Land Bank conveys the property to the developer.

Q: What if the properties don't sell?

A: The Land Bank expects there will be sufficient demand for the homes.

Q: Does the developer cover closing costs?

A: Yes. The developer is responsible for traditional closing costs and should include that in the required pro forma.

Q: Will acquisition costs be the price of land at \$1 plus all closing costs?

A: Yes if the selected developer is proposing a nominal conveyance. Although the Land Bank will consider nominal offers, similar RFPs in the past have resulted in proposals in which developers offered cash for properties.

Q: Was the income amount on the worksheet distributed at the briefing 120 percent of AMI?

A: Yes. The income guidelines are also in the RFP itself. Income calculations are updated on an annual basis and as a result, income guidelines will most likely change prior to closings with homebuyers.

Q: Is City choosing one developer or splitting properties up among multiple developers?

A: One developer will be selected to develop all properties contained within the RFP.

Q: Should the proposed acquisition price be a lump sum for all 8 properties?

A: Yes.

Q: Has City conducted an in-house analysis of current construction costs?

A: Yes.

Q: Is the \$230,000 maximum sales price going to stay?

A: Yes, that is the maximum sales price.

Q: How do we deviate from design if we think a different design will sell better?

A: Design will be a factor in proposal review; the Land Bank has tried to select properties that will not require a variance. However, if a developer believes that a design that deviates from the recommended design guidelines is better suited for a particular parcel, that information should be included in the RFP response.

Q: Is there any City subsidy for soft costs (transfer costs, realtor fees)?

A: The land is the only subsidy for the developer.

Q: What is the status of previous RFPs in Francisville?

A: In different stages, but all moving forward.

Q (to Reinvestment Fund): Is there a dollar amount in mind for financing?

A: It is more about staging than an overall dollar limit. Reinvestment Fund would likely seek to limit the amount outstanding at any given time by phasing the development of the 8 units, but would anticipate making sufficient funding available to fully build out all units in a given project.

Q: What flexibility is there as we encounter unforeseen issues?

A: The Land Bank expects developers responding to the RFP to exercise full due diligence.

Q: Where can I find Schedule E to the RFP?

A: <http://www.philadelphialandbank.org/wordpress/wp-content/uploads/2016/06/Exhibit-E-Guidelines-for-Lot-Sizes-and-Design-Standards.pdf>

Q: Can 844 N. 19th St. be removed from the RFP?

A: This property will remain in the RFP.

Q: Does each parcel of land have to be a single family home? Or can we build 4 stories, and do 2 condos per building?

A: The preference is for single-family homes that will not need a variance.

Q: If family of four already owns an apartment, can they participate in this program?

A: This program is not restricted to first time homebuyers; however, the property must be the primary residence and cannot be rented. Rental income from previously owned property will be included in overall household income when determining eligibility.

Q: If one of the developers has a relative in a family, who wants to participate in this program, will it be an obstacle?

A: All sales must comply with fair housing guidelines. Completion of a Conflict of Interest disclosure will be required.