



Addendum #2
City of Tampa – RFP Workshop
NSP3 – Multi-Family Acquisition/Rehab
August 15, 2011
Ragan Park Community Center

The NSP3 Multi-Family Acquisition/Rehabilitation RFP workshop was held on Monday, August 15, 2011 at Ragan Park Community Center. The workshop began at 2:00 pm pursuant to notice. Applications were distributed on July 29th to all interested parties via e-mail and Demand Star. Applications are due no later than **September 7, 2011** at 4:30 pm to the City's Purchasing office located on the 2nd floor of the City Administration building located at 306 E. Jackson St. Late submittals will not be accepted.

The first addendum to the RFP will include questions received in writing prior to and questions asked during the workshop. This addendum will be posted to the City's HCD website.

http://www.tampagov.net/dept_housing_and_community_development/Programs_and_Services/request_for_proposals.asp (NSP3 Multi-Family)

Clarifications to the RFP:

- The Deadline for the NSP3 Multi-Family Acquisition/Rehabilitation RFP has been extended to Wednesday, September 7, 2011 at 4:30 pm.**

- The City intends to provide NSP3 funds as gap financing for project(s) and does not want to be the single source of funds for acquisition and rehab. The project pro forma, based on project sizes and unit rents, should account for all revenues and operating expenses which include: insurance, maintenance, taxes, management fees and operating reserve deposits. The effective gross rent, less the operating expenses and less the reserve deposits, determines the Net Operating Income. Based upon internal review and recommendations from the underwriter, the following two scenarios are possible:
 1. Net Operating Income can be used for debt service for a mortgage or permanent loan. If there is any remaining cash flow after debt service is paid, it can be used to repay the City loan.
 2. Net operating Income can be used to repay the City loan if a first mortgage can not be obtained.

- The proposer should submit a proforma based on its best estimate of acquisition and rehabilitation costs. Once the actual acquisition costs are determined by an appraisal, and rehabilitation costs are approved by the City, the project will be underwritten again to

determine the final financial structure of the City's investment. The proposer should demonstrate that they have the financial capacity to obtain a first mortgage on the property.

- Preference will be give to projects that proposed first mortgage financing.
- There are several entities in Florida that specialize in financing for first mortgages for affordable housing projects.
- Up to \$4.2 million in NSP3 funds will be awarded to one or more successful Non-Profit proposers under this RFP for multi-family acquisition/rehabilitation of foreclosed or abandoned properties.
- Rehabilitation must be complete and units occupied by December 2012.
- Properties must contain a minimum of 5 units.
- Demolition or New construction will not be eligible under this RFP. (This is deleted from page 12 of RFP)
- All projects must serve clients earning at or below 120% Area Median Income. Proposer must income qualify clients prior to leasing units. 25% of all NSP3 units must be rented to households earning at or below 50% AMI.
- Proposer must confirm ownership of property, taxes are delinquent by 90 days, it is in foreclosure, or mortgage is delinquent 60 days, and submit to City for review with an estimated cost to acquire.
- Property must be acquired at 1% less than current appraised value. The City will conduct the appraisal, title work and environmental review for successful proposers.
- Estimated Work write ups must be submitted with proposals and will be evaluated for cost reasonableness.
- Successful proposers may earn an 8% construction management fee based on acquisition and rehab costs. Successful proposers have the option to bill for a portion of the fee once property is acquired and throughout construction work. Draw and Quality inspections must be done prior to any funds being released.
- Please provide a 15 year proforma including a Sources and Uses spreadsheet with your proposals.
- Form 4 and Form 5 are deleted from the RFP.
- All projects must adhere to all green building/energy star rehabilitation requirements
- All dates for review committee meetings will be publicly posted as required by State Sunshine Laws

- The sign in sheet for this meeting will be attached to this addendum
- The City's Rehabilitation Standards will be attached to this addendum
- Permits are required for all appropriate work performed by general contractors and sub contractors.
- Funds will be paid on a reimbursement basis. Contractor and other subs, suppliers, etc must be paid (with certification/proof of payment and lien releases) submitted with invoice for reimbursement. (The City has a 2-3 week turn around period for processing invoices)
- Please provide letter of credit or financial capacity to work on a reimbursement basis.
- All properties will be inspected for permits as well as Quality Assurance by City inspectors prior to release of payment.
- Please provide job creation or Section 3 Work Force Utilization plan to hire/retain specific # of people from the immediate area of the project. (Sample form attached)
- 8 units or more require tracking and reporting on Davis Bacon wage rates.
- The city will provide funds for acquisition of property; however successful proposer shall have the ability to obtain a construction and permanent loan.
- The City shall have proposals that receive minimum score (95 points) underwritten to determine best funding scenario. Projects will be funded by ranking order based on scoring until funds are exhausted.
- Maximum points awarded is 110. Financial capacity shall receive up to 30 points as stated on page 13 and 19.
- Please provide 1 original and 4 complete copies as it states on page 15.
- Provide all SIGNED forms and documents, references, licenses and attachments requested.

Questions received prior to the meeting

Q1: Can you please define "Abandoned" and the required backup to prove property is abandoned and eligible for funding under this award?

A: Abandoned = taxes delinquent for 90 days and Mortgage not paid for 60 days. Provide print out from HC Tax Collector's website, and documents from bank as far as mortgage delinquency.

Q2: Please be specific on the Green Building practices of your company, materials and products used, etc.

A: See Rehabilitation Standards attached to this Addendum.

Q3: Please confirm that duplex and triplex units are not allowed under the definition of multi-family (4 units or more).

A: Properties must contain at least 4 units owned by the same bank/entity.

Q4: Can multi-family include 2 or more duplexes on the same property?

A: Yes, if there are a minimum of 4 units owned by the same bank/entity.

Q5: Is it a requirement that the Housing Agency return funds to City (recapture)? Can this recapture funding be returned to the City over a period of time?

A: Yes. The City will require the repayment of its investment by way of a mortgage or deferred payment loan (over time), if the cash flow is available and based on underwriting recommendations.

Q6: Is it a requirement to repay the deferred payment loan at the end of the affordability period?

A: Repayment of NSP3 funds will be determined on a case by case basis as determined by the underwriting recommendations.

Q7: The proposal encourages a team approach including Contractor as part of the proposal but page 5 indicates that any project 8 or more units will be required to be competitively bid. How can we include a Contractor in our proposal if the project is required to be competitively bid?

A: The City's Request for Proposal (RFP) process is an open, competitive bid process to select successful applicants and projects. The participation in the City's RFP process does not require proposed development teams, or housing partnerships, to competitively bid out for members of their team. The 8 or more unit requirement is related to the Federal Davis Bacon program and will apply to the contractor's compliance with the Davis Bacon prevailing wage rate standards.

Q8: Will bidding be conducted through the City of Tampa procurement system or will Housing Agency be responsible for conducting bidding.

A: The proposing agency will be required to seek bids for construction prior to submitting the proposal. The City will review all proposals through this RFP.

Q9: Are there any development fees allowed?

A: Successful proposers will be allowed an 8% construction management fee based on actual acquisition and rehabilitation costs.

Q10: Are there any restrictions on real estate broker fees?

A: Real estate broker fees for acquisition of NSP3 multi-family properties will be the responsibility of the seller.

Q11: Is it possible to identify a foreclosed property (land) that does not currently have a building on it?

A: No. No new construction or demo/new construction will be allowed under this RFP.

Q12: How/when can we determine if the building we are considering may have Chinese drywall? Is that part of the Phase I Environmental Review?

A: The City will conduct a Phase 1 Environmental Assessment once a proposal is deemed successful. It is the responsibility of the proposer to inspect the property prior to submitting a response.

Q13: Can a room be considered a "unit"? For example, can a 4-bedroom house be considered 4 units if each room is rented out by an individual adult (i.e., family)?

A: No. Each unit must be separate with own kitchen, bath and entrance.

Q14: For how many years will the City keep the mortgage?

A: If the City holds a mortgage on the property it will be for a minimum of 15 years and maximum of 30 years depending on the financing structure and underwriting of each proposal.

Q15: What is the City's definition of "permanent" housing as opposed to "transitional residential"? Is there a minimum timeframe for permanent residency?

A: Units must be leased for a minimum of 1 year.

Q16: My understanding is that proposals for such an RFP are public record. I was hoping to see the submissions from two agencies: Hillsborough House of Hope and Mental Health Care. I'm not sure whether they received this grant last year or previously. Is it possible to request a copy of each?

A: Previous proposals may be reviewed in our office upon written request. Copies may be provided at a cost.

Q17: How accurate is the NSP3 boundary map? I am looking a particular piece of property for a project that is in one of the identified census tracts below the NSP3 boundary map, but according to the map I am out of the qualifying NSP3 area.

A: Please use the Census Tract boundaries for your specific property selection.

Questions from the meeting

Q1: Can we use our own spreadsheets for Forms 4 and 5?

A: Form 4 and Form 5 have been deleted from the RFP. Please submit a 15 year pro-forma and Sources and Uses spreadsheet.

Q2: Can we demolish buildings and rebuild on the same site?

A: No. The timeline for completion is too short for new construction under this RFP.

Q3: Is the project required to return all of the excess rent to the City or can we share the profits?

A: The project pro forma, based on project sizes and unit rents, should account for all revenues and operating expenses which include: insurance, maintenance, taxes, management fees and operating reserve deposits. The effective gross rent, less the operating expenses and less the reserve deposits, determines the Net Operating Income. Based upon internal review and recommendations from the underwriter, the following two scenarios are possible:

1. Net Operating Income can be used for debt service for a mortgage or permanent loan. If there is any remaining cash flow after debt service is paid, it can be used to repay the City loan.

2. Net operating Income can be used to repay the City loan if a first mortgage can not be obtained.

Q4: If the non-profit is to obtain a mortgage on the property, are the NSP funds to be used as gap financing?

A: Yes. The City will provide gap financing as a loan to the project based on the needs of the organization and other financing options determined by the underwriter.

Q5 Can we include relocation costs in our proposal?

A: The City urges caution when proposing to acquire property with tenants. If you are considering a property with tenants, please provide a URA plan with your proposal. The City will only reimburse costs for temporary on-site relocation of income eligible tenants during reconstruction. Any costs for permanent relocation of tenants, that are not income eligible, will be the responsibility of the developer. The City must approve all URA plans and tenant eligibility prior to the acquisition being approved by the City.

Questions received via e-mail

Q 1. In connection with the NSP3 RFQ what Development Fee and Property Management will be allowed?

A: The successful proposer may receive an 8% construction management fee based on the actual acquisition and construction costs of the project. All property management plans must be approved by the City and costs must be paid from rent proceeds. Contractor profits must be built into the construction costs and will be reviewed for cost reasonableness.

Q 2. 90 days vacant foreclosed property – per HUD guidelines they only require that the property is 60 days late per Mortgage Bankers of America delinquency calculations. Vacant properties are nearly impossible to find due to the nature of the South Tampa area and the NSP Tenant Protections at Foreclosure under the Recovery Act, does not allow a foreclosing bank to vacate the tenants due to foreclosure. Does it violate URA if the tenants were not given due process and evicted or their leases are not renewed properly?

A: To show a property is abandoned, you must show it as being tax delinquent for 90 days and mortgage not paid for 60 days. Vacant or abandoned properties are considered NSP eligible. By definition, property considered vacant or abandoned does not have tenants and therefore, URA requirements will not apply. NSP eligible foreclosed property may have existing tenants and proposers must follow all HUD and URA processes and procedures. The City will only reimburse costs for temporary on-site relocation of income eligible tenants during reconstruction. Any costs for permanent relocation of tenants, that are not income eligible, will be the responsibility of the developer. The City must approve all URA plans and tenant eligibility prior to the acquisition being approved by the City.

Q3. Relocation – since foreclosed property now usually have existing tenants but they have not been offering to resign leases – is this a violation of URA?

A: No, however, all notifications must be properly delivered to all tenants according to the URA regulations.

Q4: How is a multi-family project supposed to remain viable if – per HUD website projects with 50% of median income, even after vacancy if all net profits are taken back by the City. The project is unable to have reserves making it unviable and

un-financeable. HUD only requires a sharing of the profits (1/3 on their sample RFP) on soft loans.

A: Proposers should account for the stabilized vacancy rate, maintenance, operating reserve, and management costs in their proforma. Successful projects will be reviewed by the City's underwriter to determine what portion, if any; excess cash flow should be returned to the city on a project by project basis.

Q5: If all projects over 8 units must do competitive bids then how can we show at the same time how we are complying with Section 3 and Vicinity hiring?

A: Proposers shall choose their contractors and sub-contractors on a competitive basis while providing a plan to hire workers from the target area. Provide a Section 3 Utilization Plan with your proposal. For Section 3 Utilization Plan guidance please go to www.hud.gov/section3 .

Q6: It looks like the City will loan on the Acquisition after they do due diligence – we just need to show capacity to fund the construction/rehab, correct?

A: The City will pay for due diligence costs, Acquisition and closing costs on behalf of the successful proposer. Projects must show other funds will be invested as a mortgage or permanent construction loan. The City will not be providing 100% financing under NSP3.

Attachments:

- Sign in Sheets
- HCD Rehabilitation Standards
- HCD Energy Efficiency Measures