

Department of City Development, City of Milwaukee

Request for Qualifications #57579
Implementation and Administration the
Re-Invest City Homes program
Tax Foreclosed Properties

Addendum #1

April 8, 2015

THIS ADDENDUM IS ISSUED TO MODIFY, CLARIFY OR CORRECT THE ORIGINAL DOCUMENTS AND IS HEREBY MADE A PART OF SAID DOCUMENTS.

The due date for submission of the proposals has been changed. **Proposals will now be due no later than 11:00 AM, on Wednesday April, 22, 2015.**

Questions received and Answers given to date.

Question #1: Do we need to complete the "Sub-Recipient Agreement" as part of our RFP or is this only completed upon being awarded a contract?

Answer #1: You do not need to complete the sub-recipient agreement as part of your response to the RFP. It was posted to afford possible proponents the opportunity to review the agreement that will be used when it comes time to award a contract.

Question #2: Can we layer the RICH funds with Challenge and Strong Neighborhoods funding?

Answer #2: You can combine funding sources, but if your ability to execute the RICH program is dependent on receiving funding sources from other programs, you should indicate it in your response.

Question #3: Is there a pre-payment penalty? Specifically could we pay you back the 1% interest immediately?

Question #3: There would be no pre-payment penalties on the loans – but please clarify the question on the interest – as the loans will be going to individual homeowners.

Question #4: Would doing 20 homes over 2 years be adequate?

Answer #4: The number of homes you can impact and time frame should be part of your response – it will be one of the criteria you are scored on.

Question #5: The RFP lists seven responsibilities of a program administrator. The Program Description says that DCD itself will have some of those responsibilities (underwriting, preparing Scopes of Work, and closings). Is the intent that DCD will contract with the program administrator to carry out those responsibilities, or that DCD will carry out those activities itself?

Answer #5: Underwriting, preparing scopes of work and managing construction will be the responsibilities of the selected program administrator (not DCD). DCD will be responsible for closing on the transfer of the property (sale) with the homeowner.

Question #6: We are interested in leveraging the City funds so that a larger number of homes can be rehabilitated. One option would be to work with a private lender to make loans and use the City funds to reduce the interest rate to 1%. However, CDBG funds cannot be drawn down in a lump sum to create a fund for making such payments, and we believe it would be cumbersome for the City to make the payments each month. Another option would be to fund part of the rehab cost with a private loan and the balance with City funds, so that the combined loan payments are less than or equal to a loan for the entire cost at 1% interest. Would that be permissible? The Program Description says that City loans must be for the entire rehab cost. Is that literally true, or could we use the leveraging arrangement described?

Answer #6: A leveraging arrangement could be considered. If it is being proposed, include details about the underwriting criteria that would be required by the lender(s) you will partner with.

Question #7: Based on our estimate of rehab costs, payments on a loan at 1% interest (or payments of no more than that amount) would be affordable to a homebuyer with an income substantially below 80% of AMI. Is that the intent of the program, or is there some flexibility on the 1% interest rate? That is, could it be higher in order to avoid “over-subsidizing” homebuyers?

Answer #7: If you would like to propose a different interest rate structure (e.g., based on income), you can indicate it in your response, along with the rationale for the alternative. However, also indicate if this is a requirement for your administration of the program (or if you would still be willing to administer the program under the structure as proposed in the RFP).

Question #8: Could we work with potential homebuyers who have already expressed an interest in buying homes in the neighborhoods selected or approved by DCD, and who have already received homeownership pre-purchase counseling—which could allow the program to get off to a faster start—or must entirely new potential homebuyers be identified?

Answer #8: You can work with new potential homebuyers, as well as those who may have already been identified through existing neighborhood partners.

ALL PROPONENTS SHALL ACKNOWLEDGE RECEIPT AND ACCEPTANCE OF ADDENDUM NUMBER 1 (DATED April 8, 2015) FOR REQUEST FOR PROPOSALS #57579, BY SIGNING IN THE SPACE PROVIDED AND SUBMITTING THE SIGNED ADDENDUM WITH YOUR PROPOSAL. PROPOSALS SUBMITTED WITHOUT THIS ADDENDUM MAY BE CONSIDERED NON-RESPONSIVE.

SIGNED THIS _____ DAY OF _____, 2015

SIGNATURE

COMPANY NAME