



Challenge Fund

Challenge Fund RFQ

Background

- City currently owns over 1,100 tax foreclosed properties
- In 2014, the Mayor launched the “Strong Neighborhoods Plan” to address the City’s growing inventory of tax foreclosures
 - **PREVENT** tax foreclosures with new City efforts and working with community partners
 - **MITIGATE** blight and maintain City owned property to a “good neighbor” standard
 - **REVITALIZE** neighborhoods by selling City properties and generating funds for renovation
 - **RENEW** our neighborhoods by activating vacant spaces, involving city businesses, and creating job opportunities for city residents
- Several new programs have been launched as part of those efforts
- In the 2015 budget process, the Mayor and the Common Council worked to establish a pilot program that could explore ways to “scale up” development efforts in a targeted manner

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What is it?

- Pilot Program
- Initial Funding - \$1 million
- Seeking Developers/ teams who have the proven capacity to acquire and develop at minimum 15 City tax foreclosed properties a year.

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What is the City Trying to Achieve?

- Return vacant City tax foreclosed properties to productive use
- Provide high quality affordable housing opportunities for Milwaukee residents
- Cluster redevelopment efforts in a manner that results in a positive impact for the surrounding neighborhood
- Encourage new investment in housing in Milwaukee neighborhoods
- Provide construction opportunities for local small business enterprises and job opportunities for local residents

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How Does it Work?

- Provides properties and “gap funding”
- Development for home ownership, rental property ownership and/or lease/option opportunities
- Works in Targeted neighborhoods to achieve visible impacts for investment

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Target Neighborhoods – City selected neighborhoods and neighborhoods you propose

City selected target neighborhoods based on:

- Concentrations of City owned tax foreclosed properties
- Other neighborhood investment (past, present, proposed)
- Presence of strong local neighborhood partners

Century City – 25th – 36th, Burleigh to Capitol
Partner – Triangle Neighborhood Association

Harambee – Holton – 4th, Burleigh to Capitol
Partner – Riverwest Development Corporation, Harambee Great Neighborhood Initiative

Washington Park – Vliet – North, 35th to 40th/Lisbon/43rd
Washington Park Partners

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Other neighborhoods can be proposed –

- Should provide rationale for selection, and should demonstrate same characteristics identified in RFQ (concentration of City owned properties, other investment, strong local neighborhood partner)

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How Will the Process Work?

- City selects development team and neighborhood (will be approved by Common Council)
- City reserves properties in target area
- Pool of funds set aside for gap financing
- Developer enters into Development and Sales Agreement – spells out responsibilities of each partner
- Redevelopment – submit a scope of work and budget
- City commits gap funding
- City funds – “last money in”
- Reporting responsibilities

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Expected Rehabilitation Standards

- “Moderate rehabilitation” – not federal or low income housing tax credit standard
- Existing code violations and visible lead hazards
- Major building components – < 5 years of remaining life
- Exterior improvements (benefits neighborhood) and Energy efficiency upgrades encouraged

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Contracting Goals

- 40% Small Business Enterprise (“SBE”) contracting goal for work undertaken as part of this effort
- A directory of SBE contractors is available at www.city.milwaukee.gov/OSBD
- Innovative partnerships and efforts to incorporate the employment of City residents and/or job training activities are also encouraged and will be considered in the evaluation of responses to this RFQ

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Partnerships

- More than “bricks and mortar”
- Work with local neighborhood organizations – will benefit your development efforts and the neighborhood
- Reach out in advance of RFQ deadline

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RFQ Submission Criteria

Experience and Qualifications

- Team Members – describe experience in detail
Insure it matches the activity you are proposing
- List “lead” team member
Responsibility and accountability
- Experience with small business enterprises, mentorship, job creation programs
- Describe past collaborations with neighborhood organizations
- Two years of audited financial statements
- Any other unique qualifications
Your chance to sell yourself

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RFQ Submission Criteria

Neighborhood

What neighborhood are you proposing to work in? If not included in RFQ, provided boundaries and basis for selection.

Development Strategy

What activities are you proposing? Acquisition and rehab for resale, rental, lease/option?

- Can be combination of above
- Make sure it is consistent with your experience

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RFQ Submission Criteria

Commitment to use of Small Business Enterprises/ create other employment opportunities

- Strategy for reaching 40% goal
- Other efforts – with goal of job/business opportunities for City residents

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RFQ Submission Criteria

Leverage and Development Subsidy

Until properties are identified – level of gap financing not known – won't have a typical "proforma" when responding.

Rental and lease/option projects

- What would a typical proforma look like in terms of projected rents, income and cash flow? What would your estimated sources of funds look like, i.e., on a per unit basis, what would be the average amount of debt and equity that could be supported? For example, projected rents for the neighborhood are \$X, projected expenses are \$X/unit, and based on those assumptions, we estimate that we could support \$X amount of debt and \$X amount of equity on a per unit basis.
- For lease/option projects, include your assumptions regarding the length of time a renter would occupy a unit before qualifying for purchase. What portion of the monthly rent would be held toward a down payment? How would the option price be set?

For sale projects:

- What would you project the average sales price of for sale housing in the neighborhood you have selected? In regard to development budget, what would your expectations be for compensation to your development team, i.e. development fee, construction oversight fees, etc? How would you finance the development phase of the acquisition and rehabilitation?

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RFQ Submission Criteria

Neighborhood Partnerships

- What is your plan for and commitment to working with local neighborhood?
- Reach out before you submit the RFQ

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Scoring Criteria

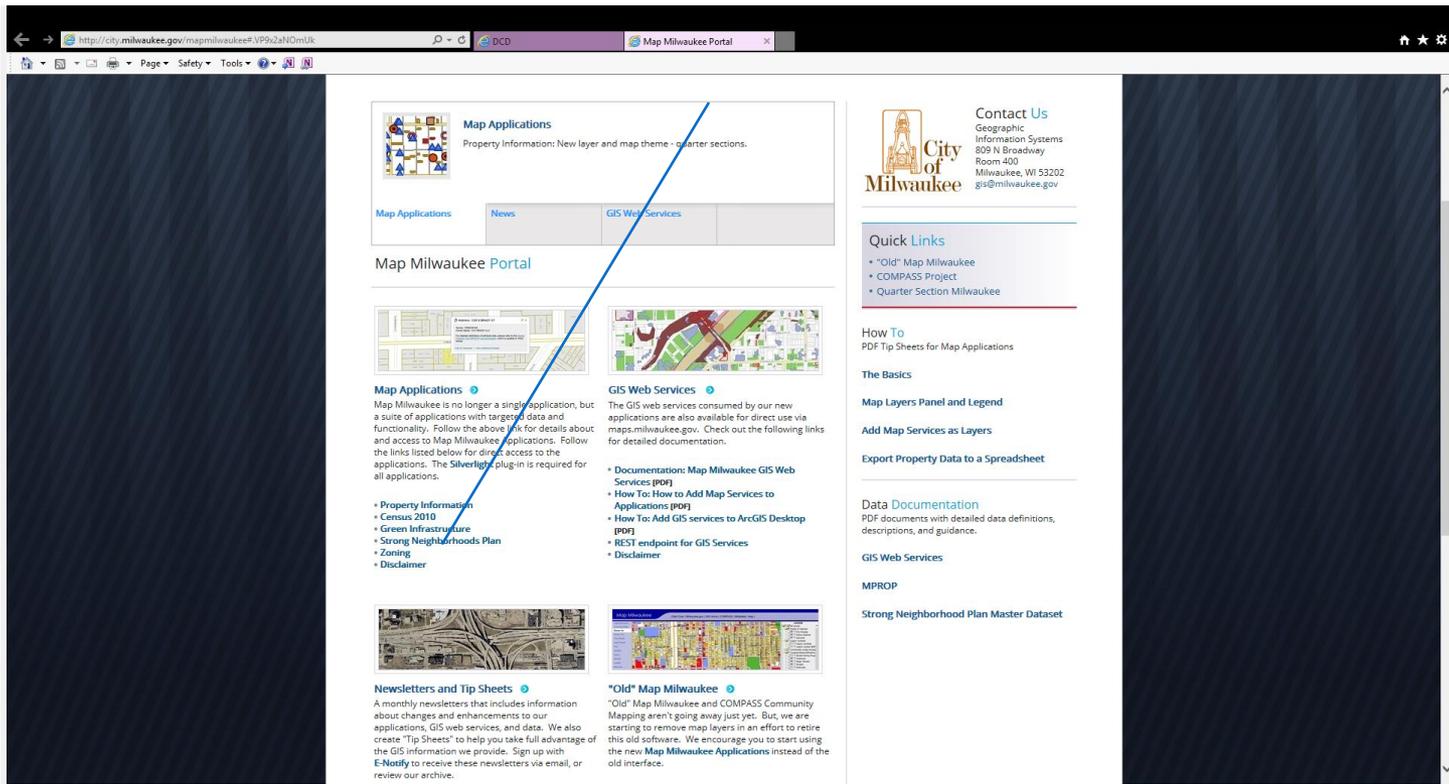
- Experience and capacity – (40 points)
- Commitment to working with emerging business enterprises in both development and contracting activities (20 points)
- Ability to leverage funds – financial feasibility (30 points)
- Neighborhood engagement – the extent to which the respondent has, or is willing to work collaboratively with local neighborhood organizations (20 points)
- Special considerations – other qualifications, development strategies or factors you would like us to consider in evaluating your proposal (10 points)

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Application Tools

The City's Strong Neighborhoods Mapping Tool – allows you to look at target geographies and key indicators, including tax delinquencies, foreclosures, vacant properties, owner occupancy, etc. www.city.milwaukee.gov/mapmilwaukee

- (Link on left hand side of page under “Mapping Applications”)



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Deadlines for Submissions:

- 11:00 a.m. on Wednesday, April 1st (must be received in office of DCD before deadline)
- One original and three copies
- Make sure and include Affidavit of No Interest and Debarment Certification