



REQUEST FOR PROPOSAL
HOME American Rescue Plan (HOME-ARP)

**Rehabilitation and Development
of
Affordable Rental Housing**

Application Deadline:
The RFP is open until all available funding is allocated.

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Community Development Grants Administration

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OFFICAL NOTICE

August 31, 2026

The Department of Community Development Grants Administration (CDGA) of the City of Milwaukee (the "City") is soliciting Requests for Funding Proposals to select qualified Development Teams and Homeless Services Providers to develop Affordable Rental Housing through rehabilitation or new construction of units through this RFP.

The RFP can be found on the Department of Community Development Grants Administration (CDGA) website at the following link:

<https://city.milwaukee.gov/CDGA>

Questions regarding this RFP should be
addressed to:

Ah Ong Cha, in writing via email respectively at:

cdgareports@milwaukee.gov

and

ahocha@milwaukee.gov

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Definitions

“Allocation Plan” – shall mean the Community Development Grants Administration’s submitted and HUD-approved HOME-ARP Allocation Plan, which shall dictate and guide its distribution of HOME-ARP funds under this RFP. HUD required an Allocation Plan to describe how each Participating Jurisdiction intends to distribute its HOME-ARP funds and how they will use these funds to address the needs of HOME-ARP qualifying populations.

“Applicant” – shall mean a duly formed, validly existing entity, organized under the laws of the State of Wisconsin, or any other State, that is applying for funds for a Project pursuant to this Request for Funding Application. The Applicant shall own or control the Owner of the Project. Project consultants and other like professionals shall not be considered as Applicants.

“Application” – shall mean an entire set of required and requested documents, in electronic form, as prescribed in this Request for Proposals and submitted by an applicant to the Community Development Grants Administration.

“Area Median Income” (“AMI”) – shall mean the median income of the county or the metropolitan statistical area in which the Project is located, adjusted for family size. HUD develops income limits based on Median Family Income estimates and Fair Market Rent area definitions for each metropolitan area, parts of some metropolitan areas, and each non-metropolitan county.

“CDGA” – City of Milwaukee, Department of Administration— Community Development Grants Administration.

“Davis Bacon Act” – requires contractors and subcontractors working on federally funded or assisted construction projects to pay laborers and mechanics locally prevailing wages and fringe benefits.

“Emergency Solutions Grants Program” (“ESG Program”) – shall mean the federal grant program designed to assist people with quickly regaining stability in permanent housing after experiencing a housing crisis and/or homelessness. The ESG Program authorizes HUD to make grants to States, units of general-purpose local government, and territories for the rehabilitation or conversion of buildings for use as emergency shelter for the homeless, for the payment of certain expenses related to operating emergency shelters, for essential services related to emergency shelters and street outreach for the homeless, and for homelessness prevention and rapid re- housing assistance.

“Environmental Assessment” – a study that identifies the environmental impact of a land development’s impact analyzed by a set of parameters including biodiversity, environmental justice, wetlands, air and water pollution, traffic, geotechnical risks, public safety, or hazardous substances.

“Expanded Coordinated Entry” (“CE”) – shall mean a centralized or coordinated process required for the CoC and ESG programs to coordinate program participant intake, assessment, and referrals within the CoC area. Under 24 CFR 578.3, HUD requires each CoC to establish and operate a standard CE system with the goals of increasing the efficiency of local crisis response and improving fairness and ease of access to resources for eligible homeless and at-risk populations.

“Funding Agreement” – shall mean the document that outlines the terms and conditions of a funding award.

“HMIS” - Homeless Management Information System, a data collection system used to track information concerning individuals and families experiencing homelessness.

“HOME Investment Partnership Program” (“HOME”) – shall mean a federal block grant program

created by the National Affordable Housing Act of 1990. Block grants are made to state and local governments, known as Participating Jurisdictions, who distribute the funds through local affordable housing programs, including loans or grants for rental housing. Participating Jurisdictions such as the CDGA make project awards and monitor project compliance throughout the affordability period.

“HOME-ARP” – shall mean the HOME Investment Partnerships American Rescue Plan Program, which provides funding to HOME Participating Jurisdictions to reduce homelessness and increase housing stability across the country.

“HUD” – U.S. Department of Housing & Urban Development.

“Identity of Interest” – shall mean the existence of any of the following conditions: (i) when one or more of the officers, directors, stockholders, members, or partners of the Owner is also an officer, director, stockholder, member, or partner of any other Participant; (ii) when any officer, director, stockholder, member or partner of the Owner has any financial interest whatsoever in any other Participant; (iii) when any Participant advances any funds or sells or donates property to the Owner; (iv) when any Participant provides and pays, on behalf of the Owner, the cost of any architectural services or engineering services other than those of a surveyor, general superintendent, or engineer employed by any other Participant in connection with its obligations under its contract with the Owner; or (v) when any Participant takes stock or any interest in the Owner entity, as part of the consideration to be paid.

“Major Systems” – include systems of structural support, roofing, cladding, weatherproofing, plumbing, electrical and HVAC.

“Milwaukee Continuum of Care (CoC)” – a consortium of housing, emergency shelter and supportive services providers working alongside community-based organizations and stakeholders to address homelessness in the community.

“Minimum Use Period” – shall mean the period of time HOME-ARP Affordable Rental Housing units must comply with HOME-ARP requirements. The minimum use period for HOME-ARP Affordable Rental Housing units is 15 years.

“Nonprofit” - a legal entity operating for social or charitable cause and not for financial gain.

“Owner” – shall mean the duly formed, validly existing, single purpose entity, organized under the laws of the State of Wisconsin, or any other state, that is awarded funds for a Project pursuant to this Request for Funding and which owns or will own the Project. The Owner shall be owned or controlled by the Applicant.

“Participant” – shall mean a member of the Project’s development team, including applicants, general contractor, architect, and/or property manager.

“Participating Jurisdiction” (“PJ”) – shall mean the term given to any state, local government, or consortium that has been designated by HUD to administer a HOME Program.

“Project” – shall mean an existing or proposed qualified project which satisfies, or will satisfy, all of the requirements of this Request for funding.

“Qualifying Populations” (“QPs”) – shall mean the individuals or families which HOME-ARP funds must be used to primarily benefit; detail definitions can be found at HUD Notice CPD 21-10.

“Referral Process” – shall mean the method used to identify the next individual or household to receive assistance after an initial assessment process that determines the individual or household is an eligible HOME-ARP Qualifying Population. Participating Jurisdictions are required to provide access to HOME-ARP projects and activities to all four HOME-ARP QPs through one or more of the referral methods described in HUD Notice CPD 21-10. All HOME-ARP Affordable Rental Housing units funded wholly or in part under this RFP must use the HOME-ARP Expanded Coordinated Entry processes.

“Site” – shall mean a parcel of land on which the Project will be developed, described by a unique legal description which will be encumbered by the Regulatory Agreement.

“State and Local Fiscal Recovery Funds” (“SLFRF”) – shall mean the Coronavirus State and Local Fiscal Recovery Funds (“SLFRF”) program authorized by the American Rescue Plan Act (“ARPA”), which delivered \$350 billion to state, territorial, local, and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency.

“Written Agreement” – shall mean a document that outlines the terms of the period during which a Project must comply OR shall mean a document that outlines terms of the period during which a program participant must comply with the occupancy restrictions (both income and rent) and amenities rules.

Section 1: HOME-ARP Overview

A. HOME-ARP Background

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021, which provides over \$1.9 trillion in relief to address the continued impact of the COVID-19 pandemic on the economy, public health, State and local governments, individuals, and businesses. To address the need for homelessness assistance and supportive services, Congress appropriated \$5 billion in ARP funds to be administered through the HOME Investment Partnerships Program (“HOME”) to perform four activities that must primarily benefit qualifying individuals and families who are homeless, at risk of homelessness, or in other vulnerable populations.

Requirements for HOME-ARP funds are established via the **U.S. Department of Housing and Urban Development**, Notice CPD 21-10. Applicants should review carefully and refer back to HUD NOTICE CPD-21-10 and other HUD HOME-ARP resources for detailed descriptions and definitions of the requirements around the HOME-ARP Program, in particular the definitions of eligible activities, Qualifying Populations (“QPs”), and referral methods, which are outlined below.

As the administrator, the Community Development Grants Administration Department is responsible for the distribution of \$20,309,464 allocation of ARP (or “HOME-ARP”) funds through the City of Milwaukee. The allocation amount for development of Affordable Rental Housing, for this specific funding availability, is \$4,061,893. **This RFP’s availability is \$1,861,893.**

This is a COST REIMBURSEMENT GRANT.

The HOME-ARP Affordable Rental Housing is accepting funding submissions from eligible organizations to newly construct and/or rehabilitate structures for the purpose of providing affordable rental housing to qualifying populations as defined by HUD and provide wholistic supportive services. Through a competitive funding round, the City of Milwaukee’s Community Development Grants Administration (CDGA) has funds available to fund projects. The City of Milwaukee seeks to develop 50 units of Affordable Rental Housing.

Important timeline notes:

- Funds must be spent within two (2) years of the effective grant award date.
- Projects must be able to begin within 12 months of the effective grant award date.

B. HOME-ARP Eligible Activities

Overall, HOME-ARP funds can be used for four eligible activities.

1. Rehabilitation and Development of Affordable Rental Housing;
2. Tenant-based rental assistance (“TBRA”);
3. Supportive services, including services defined at 24 CFR 578.53(e), homeless prevention services, and housing counseling; and
4. Acquisition and development of Non-Congregate Shelter. These structures can remain in use as Non- Congregate Shelter or can be converted to:
 - I. Permanent housing under the Continuum of Care (“CoC”); or
 - II. Affordable housing under the HOME Program.

C. HOME-ARP Qualifying Populations (QPs)

HOME-ARP Affordable Rental Housing funds must be used to primarily benefit individuals or families that meet one of the QPs. Individuals and families in QPs may be assisted by one or more of the HOME-ARP eligible

activities. For more detailed descriptions of each QP with statutory reference, see HUD document [HOME-ARP Qualifying Populations \(QP\) At-A-Glance.](#)

D. HOME-ARP Referral Methods

The City of Milwaukee as the PJ is required to provide access to HOME-ARP projects and activities to all four HOME-ARP QPs as described in the City of Milwaukee's HOME-ARP Allocation Plan in accordance with HUD Notice CPD 21-10. A referral identifies the next individual or household to receive assistance after an initial assessment process that determines if the individual or household meets the definition of a QP. The City of Milwaukee has selected the use of HOME-ARP Expanded Coordinated Entry as the referral method for HOME-ARP projects and activities.

E. The City of Milwaukee HOME-ARP Allocation Plan

State of Wisconsin and local PJs eligible to receive HOME-ARP grants were required to submit a HOME-ARP allocation plan to HUD for review and approval before funding could be released. The City of Milwaukee – Community Development Grants Administration Department, through the HOME Investment Partnership Program received an allocation to make significant, targeted investments in permanent supportive housing and assist persons experiencing homelessness, those at risk of homelessness, and those at greatest risk of housing instability.

Before developing its HOME-ARP Allocation Plan, the City of Milwaukee - Community Development Grants Administration conducted required outreach to local Continuum of Care, homeless service providers, and other agencies, providers, and groups working in areas that address the needs of the QPs to identify unmet needs and gaps in housing or service delivery systems. CDGA conducted statewide outreach to a wide range of entities to determine the varied and unique housing needs. This outreach included:

1. Local Continuum of Care
2. Housing and housing-related service providers
3. Public Housing Authorities
4. Fair housing, policy, non-profit and advocacy organizations
5. Regional economic development organizations
6. Various City of Milwaukee Departments
7. State agencies

CDGA received feedback from 43 different entities on needs and recommendations for HOME-ARP funding. Feedback from these entities and data generated from a needs assessment conducted for the Allocation Plan illustrated a great need for emergency shelter resources and affordable housing units across the state.

Section 2: RFP Overview and Allowable Project Types

A. RFP Overview and Common Terms

The purpose of this Request for Fund Proposal (“RFP”) is to solicit applications for the Rehabilitation and Development of Affordable Rental Housing through the federal HOME-ARP Program.

The City of Milwaukee - Community Development Grants Administration Department seeks to expand the availability of quality affordable rental housing for which is outlined in the city’s HOME-ARP Allocation Plan, in order to better serve Milwaukee residents at the greatest need for affordable housing. HOME-ARP funds must be used in accordance with the requirements in 24 CFR 92.213(a)-(c) and the City of Milwaukee CDGA’s Housing Production Guide.

This is a cost reimbursable grant. Construction should begin within 12 months of award. Project completion is required within two (2) years from date of award.

B. Eligible Activities

HOME-ARP funds may be used to rehabilitate or newly construct HOME-ARP Affordable Rental Housing to serve QPs. Eligible HOME-ARP Affordable Rental Housing includes “housing” as defined at 24 CFR 92.2, including but not limited to manufactured housing, single room occupancy (SRO) units, and permanent supportive housing.

Emergency shelters, hotels, and motels (including those currently operating as non-congregate shelter), facilities such as nursing homes, residential treatment facilities, correctional facilities, halfway houses, and housing for students or dormitories **do not constitute housing** in the HOME-ARP program.

C. Eligible Populations to Serve

Unlike the regular HOME Program, which targets HOME-assisted rental units based on tenant income, all HOME-ARP units will admit households **based only upon their status as qualifying households**. HOME-ARP funds may be used to rehabilitate or construct affordable rental housing primarily for occupancy by households of individuals and families that meet the definition of one or more of the qualifying populations described in Section IV.A of [HUD CPD Notice 21-10](#) (“qualifying households”).

D. Ineligible Activities

HOME-ARP may not be used for any of the prohibited activities, costs or fees in 24 CFR 92.214, as revised by the Appendix to [HUD CPD Notice 21-10](#).

E. Eligible Costs

HOME-ARP funds allocated under this RFP may be used for actual costs of acquiring or developing HOME-ARP Affordable Rental Housing as follows:

1. Development hard costs – defined in 24 CFR 92.206(a).
2. Related soft costs defined in 24 CFR 92.206(d).

F. Eligible Applicants

Eligible applicants under this RFP must be a non-profit 501(c)3 social service organization that currently serves one or more of the HOME-ARP QPs with a minimum of three to five years. Be a developer who has or will establish partnerships with the Continuum of Care, Local Planning Body (LPB), local unit of government, and must also have experience successfully developing and operating real estate, such as single-room occupancies (“SROs”), permanent supportive housing, and/or affordable housing. Eligible applicants must be able to agree and comply with HUD defined housing requirements.

Applicants that do not have three to five years of real estate development experience must partner with

an experienced affordable housing developer.

G. Eligible Project Size

There is no minimum or maximum allowable HOME-ARP Affordable Rental Housing units. However, in accordance with the [Davis Bacon Act](#) all projects totaling (11) or more HOME ARP Affordable Rental Housing units must comply with Federal Labor Standards of the jurisdiction in which the project will operate. Community Development Grants Administration reserves the right to consider smaller projects upon request. Project proposals' unit count will be analyzed based on financial feasibility and proven community need. Project partners should consider their communities' needs and characteristics to ensure that a Project will be sized so as to provide a substantial impact on the needs of the area's QPs.

H. Minimum Compliance Period

HOME-ARP Affordable Rental Housing units must comply with HOME-ARP requirements (including but not limited to the selected HOME-ARP referral method and eligible populations to serve) during the Minimum Compliance Period established in HUD Notice [CPD 21-10](#). For all HOME-ARP rental units irrespective of the amount of subsidy per unit or whether the units are rehabilitated, and/or newly constructed, the Required Use Period is 15 years.

I. Target Populations

HOME-ARP Affordable Rental Housing units may only be occupied by individuals or families that meet the criteria for one or more of the QPs – see **Section 2.C** of this RFP. The City of Milwaukee - Community Development Grants Administration HOME-ARP Allocation Plan does not include any preferences, methods of prioritization or limitations for HOME-ARP Affordable Rental Housing units.

Access to HOME-ARP Affordable Rental Housing units must be made to qualifying individuals without restrictions based on gender, age, or other factors, and no individual or family may be denied admission to or removed from a HOME-ARP Affordable Rental Housing unit on the basis or as a direct result of the fact that the individual or family is or has been a victim of domestic violence, dating violence, sexual assault, stalking, or human trafficking if the individual or family meets the criteria of one of the QPs. HOME-ARP QPs are not subject to income restrictions. See [HUD Notice CPD 21-10](#) Section IV: Qualifying Populations, Targeting and Preferences for further details on QPs.

J. Eligible Referral Method

CDGA has elected to use the HOME-ARP Expanded Coordinated Entry. The City has not elected to include preferences, methods of prioritization, or limitations for its HOME-ARP Programs and Projects. HOME-ARP Affordable Rental Housing units must admit all QP applicants for HOME-ARP Project or activities in chronological order of their application (without any preference or prioritization). By applying eligible applicants agree to using the HOME-ARP Expanded Coordinated Entry process to fill vacancies.

K. RFP Funding Source

Community Development Grants Administration (CDGA) HOME-ARP allocation will serve as the sole funding source of this RFP. No additional CDGA funding sources are eligible for HOME-ARP Affordable Rental Housing units.

Under this RFP, no minimum or maximum of available HOME-ARP Affordable Rental Housing funding will be determined until final awards. Community Development Grants Administration will evaluate the financial feasibility of each Project. The amount of funding to be awarded will not exceed the amount necessary to make the Project financially feasible, as determined by CDGA. CDGA may add or remove costs as deemed necessary to support the development and operation of the Project. HOME ARP dollars

may not be used as the sole source of funding for any HOME-ARP Affordable Rental Housing proposed project. All funding awards, including the amount of the award, remain subject to the final approval of the City of Milwaukee Common Council.

Applicants should consult with an accountant to explore any potential tax consequences for an award of funds, and should be aware that HOME-ARP has its own set of rules and regulations and should become familiar with those rules and regulations.

Section 3: RFP Timeline and Application Procedures

A. HOME-ARP Affordable Housing RFP Timeline

Project applicants should expect a response to their application within 10 business days. Project applicants may receive a clarification request or will receive a determination letter.

B. Acceptance and Determination

Applications submitted for HOME-ARP funding requests under the HOME-ARP Affordable Rental Housing will be accepted between August 31, 2026 until all available allocation funding is awarded. Applicants will receive a determination letter of denial or acceptance.

C. Technical Assistance

Technical assistance (TA) will be provided to HOME-ARP Affordable Rental Housing applicants. Please request TA via CDGAreports@milwaukee.gov, with the subject line "HOME-ARP Affordable RH TA Request."

D. Application Submission

Applications should be submitted electronically through CDGAreports@milwaukee.gov. CDGA application documentation will not be accepted in paper form.

E. Application Upload Instructions

1. All document submissions must be in PDF format.
2. Each attached file must clarify the project name, applicant name, and document type: (*Ex: Project Name_Applicant Name: Document Name*).
3. Submitted applications cannot be edited once submitted to CDGA.
4. Incomplete submissions will not be reviewed.

F. Application Submission Questions

To CDGAreports@milwaukee.gov with the subject line "HOME-ARP Affordable RH Questions."

G. Application Evaluation and Notification

CDGA will electronically issue the final evaluation and notification letter directly to the Applicant with the review outcome for the HOME-ARP Affordable Rental Housing Application. The final application evaluation notification letter will contain an overall outcome.

H. Funding Decision

Funding recommendations by CDGA are advisory to the City of Milwaukee Common Council. Applicants that are not recommended for funding will be formally notified within 30 days of Common Council action.

Applicants who are funded, additional documentation will be required prior to executing a contract (written agreement) between the City and the respective organization.

Successful applicants must be able to obtain insurance consistent with the City of Milwaukee Community Development Grants Administration policy.

Section 4: Mandatory Application Criteria

Only Projects that demonstrate readiness to proceed with financing and development will be considered, as evidenced by meeting mandatory application criteria described in this section. CDGA reserves the right to rescind any award of funds that is unable to close within six months from the date of award.

A. Application Certification

All Applications must include a signed **HOME-ARP Affordable Rental Housing Application**, found on the CDGA website.

B. Project Overview

Description of the project team, description of total project, total number of units, subpopulations to serve, supportive services and connection to community services, community impact with relation to the City's HOME ARP Allocation Plan, housing goals, and development plan.

C. Zoning

The Application must include evidence that all Sites are either currently zoned for the proposed use or will be addressed through a Planned Development or Planned Unit Development ("PUD") process in a timeframe compatible with the project's two-year development timeline.

1. Zoned Project Sites

Evidence that Sites are currently zoned for the proposed use can only be demonstrated through:

- i. A valid building permit; or
- ii. A letter from the local zoning administrator identifying the Project and containing all of the following:
 - a. The location of the site(s) (i.e., address or street crossing);
 - b. The current zoning and any special use designations;
 - c. A description of the Project (including numbers of units, and proposed use; and
 - d. A statement that the current zoning will permit the proposed Project

2. Sites with Pending Re-Zoning, Variance, or Special Use Applications

CDGA recognizes that a Site may need a re-zoning, a variance to existing zoning, or a special use permit. In these circumstances, the Application must include a letter from the local zoning administrator. The letter must identify the Project and contain the following information:

- i. The location of the Site(s) (i.e., address or street crossings);
- ii. A description of the Project (including number of units, and proposed use);
- iii. A written explanation of the re-zoning, variance, or special use permit approval process;
- iv. Evidence the re-zoning, variance, or special use permit process has been initiated;
- v. Evidence of which stage in the re-zoning, variance, or special use permit approval process the Project has reached; and
- vi. Evidence that the re-zoning, variance, or special use permitting will be reviewed in a timely manner, including any available dates.

D. Environmental Site Assessment

As part of HUD's HOME ARP funding, CDGA as the responsible entity, will complete a Part 58 Environmental Review. Applicants may review [HUD's Part 58 Environmental Review Checklist for HOME-ARP Projects](#) as

an additional resource.

E. Construction Site: Physical Information

The Application must include a project scope certification signed by a licensed architect acting as the Project's architect of record. The certification provides written confirmation of accessibility codes and Fair Housing Act requirements (if any) applicable to the Project. The certification also provides written confirmation and identification of specific Project features which meet minimum code requirements.

Preliminary plans of projects must include preliminary drawing and specifications that include all of the following:

1. Project title, development team, drawing index, building areas and code information; and
2. Dimensioned floor plans, including square footage, for all unit and building types, with room designations and proposed finishes;
3. Color rendering;
4. Typical wall selections;
5. Exterior elevations for all building types with material notations matching those defined within the scoping document discussed below;
6. A Site plan showing the placement and orientation of buildings, parking areas, sidewalks, easements, setbacks, trash dumpsters, buffers, storm water detention, required site amenities, and significant natural features; and
7. Preliminary landscape plan
8. Project Scope Certification, signed by the Architect and Applicant. The Project scope certification must include a written description of the full Project scope. Items to be included, but not limited to, in this document are:
 - a. Specifications indicating all materials selected and/or defined performance criteria (e.g., windows, doors, hardware, drywall, exterior materials, floor and wall finishes);
 - b. Definition of structural systems to be modified/installed as part of the Project;
 - c. Programmatic description of the proposed furniture, fixtures, and equipment items;
 - d. Definition of the Project's sustainability strategy in the form of a certification checklist, energy model or detailed description of elements provided and their expected impact consistent with the level of points requested in the Application;
 - e. Written description of HVAC system to be installed; and
 - f. Definition of any/all other unique items included in the Project.

All Projects involving any Rehabilitation of existing structures must comply with the following requirements by highlighting, at minimum, the proposed rehabilitation work identified as "Critical" or "Immediate" on the existing conditions of the property. Rehabilitation projects must still provide Preliminary plans of projects as listed above in this **Section 4.E**.

The Application must also include a detailed explanation of any and all construction cost variances existing between the development budget and a Physical Needs Assessment (PNA). CDGA reserves the right to modify the construction scope based on a review the explanation.

F. Historic Preservation Checklist

All Projects must meet the requirements of the National Historic Preservation Act. The Application must include the [State of Wisconsin Historical Preservation Checklist](#) for all Projects inclusive of all sites and

multisite Projects. CDGA must submit a review request to Wisconsin Department of Natural Resources ("WDNR") after the CDGA receives the checklist. There is a mandatory 30-day review period required for obtaining an approval letter from WDNR.

G. Construction Cost Breakdown

The Application must include:

1. The Construction Cost Breakdown forms completed by a qualified contractor, Architect of Record, or construction cost consultant.
2. A detailed explanation of all construction cost variances existing between the Construction Cost Breakdown and Physical Needs Assessment (PNA), if applicable. The Construction Cost Breakdown will be evaluated along with the PNA to ensure that all necessary items are addressed. If the scope of work is deemed insufficient by CDGA, the Application may fail to meet the mandatory criteria.

The Construction Cost Breakdown will need to be completed by an independent third-party construction cost estimation firm if an Identity of Interest exists among development team members, including:

1. Between the Applicant and the Project general contractor;
2. Between the Applicant and the Project Architect; or
3. Between the Project Architect and the Project general contractor.

H. Development Team Capacity

CDGA will evaluate the Development Team's capacity to successfully complete and manage the Project.

Applications must include the following for CDGA to evaluate the experience and capacity of the development team:

1. Development Team Required Experience

The Application must include verifiable experience for each Project Applicant, general contractor, architect, property manager, and service provider inclusive of all pending, under construction, or completed Projects in any state, including their present status and expected completion date. CDGA will exercise its discretion when accepting alternative verification of acceptable experience.

Development team members must demonstrate a history of similar work and type as required for the proposed Project. Applicants should discuss potential exceptions to experience requirements with CDGA.

2. Unacceptable Practices

CDGA may deny any Project in which any participant in the Development Team has failed to demonstrate ongoing proficiency with affordable and supportive housing programs. The applicant may include in the application an explanation of the circumstance surrounding the unacceptable practice and the roles of each of the Participants.

Examples of unacceptable practices include but are not limited to:

1. A Participant is affiliated with existing Projects which have been cited for material and/or continuing, but curable, noncompliance. Material noncompliance exists when a party exhibits a continual pattern of noncompliance, or when a party demonstrates an inability or an unwillingness to resolve noncompliance in a timely manner.

2. A Participant (including any affiliates) has experienced any events of foreclosure or failed to perform under the terms of a workout agreement over the past three years.
3. A Participant (including any affiliates) has declared bankruptcy over the past three years.
4. A Participant (including any affiliates) has a mortgage default or arrearage of three months or more within the last three years.
5. A Participant that has failed to pay any fee or expense due to CDGA, including outstanding compliance monitoring fees.
6. Any liens, judgements, or other claims exist against property owned by Owner (including any affiliates) for which the Owner has failed to resolve a public filing.
7. The Owner (including any affiliates) has been debarred or received a limited denial of participation in the past three years by any federal or state agency from participating in any development program.
8. A Participant that has materially misrepresented facts on any request for CDGA resources.

I. Financial Feasibility

All Applications must demonstrate that the Project is financially feasible. The applicant must submit a Budget with the application. The following is a description of the areas, along with expected limits, which will be evaluated in order to determine financial feasibility.

CDGA will evaluate the Project's financial feasibility and underwriting assumptions. To demonstrate financial feasibility, Projects must be consistent with requirements detailed in this section of the RFP. Compliance with the CDGA's financial feasibility standards will be substantiated by submission of the Affordable Rental Housing Application and due diligence items specified within this RFP.

1. Required Documentation

a. Maximum Request

Under this RFP the amount of HOME-ARP funding to be allocated will not exceed the amount necessary to make the Project financially feasible, as determined by CDGA.

b. Sources and Uses

All Applications must reflect adequate sources of financing to complete the Project. Any Application that does not reflect adequate sources will fail the mandatory criteria.

All Applications must evidence all Project financing sources including debt and grants through executed acknowledgment letter(s) from all lender(s) and/or grantor(s). Each acknowledgment letter must contain evidence that, as of the Application deadline date, the Application is either still under consideration or has been approved to receive financial support.

If during CDGA'S review of the Application, the Applicant is notified that a project financing source has been denied, the Applicant will be allowed 14 business days from the date of the denial notice to provide a revised financing plan to CDGA. If not provided, CDGA may determine, at its sole discretion, that the Project is financially infeasible and may fail the mandatory criteria.

c. Non-CDGA Debt Sources

For any debt source, the executed acknowledgment letter(s) must contain the following terms:

1. The entity providing the loan;
2. The amount of the loan;
3. The length of the loan term;

4. The amortization period of the loan;
5. The estimated interest rate (and any terms and conditions regarding adjustments);
6. The expected monthly or annual debt service payment; and
7. Any financing fees associated with the debt source;
8. If debt financing is to be obtained through a mortgage broker or banker, the executed acknowledgment letter must be from the actual lender.

d. Non-CDGA Grant Sources

For any grant source, the executed acknowledgment letter(s) must contain the following:

1. The name of the grant Source;
2. The amount of the grant;
3. The duration of the grant;
4. A pay-in schedule detailing when the grant will be available as a source to the Project; and
5. Any outstanding requirements to be met prior to grant availability.

e. Grand Total Construction Costs

The Project Applicant should enter the projected construction costs (the “Hard Costs”) in the Budget and submit with the application.

At time of financial closing, the construction cost budget reflected in the Budget of the HOME-ARP Affordable Rental Housing Application must match the final Construction Contract figures.

f. Developer Fee

A Project’s developer fee may not exceed 10% of the Project’s total development costs. Developer fee includes all of the following which shall not appear elsewhere in the Project budget. There are three key considerations for this process:

1. During rehabilitation or construction, the City subsidy is released based only on a reimbursement of incurred costs.
2. Lender (bank or other) funds are used to begin the rehabilitation or construction and then lender funds are used to complete the project. City subsidy funds are used in their entirety BEFORE a project is completed. Lender funds are required to FINISH a project. However: the 10% retainage can be accessed only when the project is completed. The City of Milwaukee requires receipt of a certificate of code compliance as proof of project completion.
3. A Contractor Disbursement Affidavit must be forwarded to the Title Company. This form is available from the Title Company and will indicate which contractors are to be paid with City funds.

g. Environmental Remediation

If it is expected that a Project Site(s) will require remediation, the development budget must include both an environmental remediation line item to cover the scope of the remediation, and an environmental remediation contingency line item in the amount of 10% of the remediation costs.

h. Furniture, Fixtures, and Equipment

Any items included in the development budget as furniture, fixtures, and equipment (“FF&E”) must meet the following qualifications. The examples below are a representative list rather than a complete list, and payment of these items will be at CDGA’s discretion. All items considered FF&E shall be new or will require CDGA approval if refurbished.

1. **Furniture** includes items which are generally used by the residents, guests, and staff for living and operating the project, including but not limited to: beds, desks, chairs, couches, and office file cabinets.
2. **Fixtures** include items which could be considered personal property but due to permanent attachment are now considered as being part of the real estate, such as window blinds and built-in cabinetry.
3. **Equipment** is considered as having a contributory association with the operation of the Project and is usually considered personal property as it is not readily attached to the real estate, such as computers, laundry equipment, appliances, and snow blowers.

Supplies are considered general purpose items and as such are not FF&E items. Examples of supplies are hand and power tools including items that could be removed from the designated shop or location, mops, cleaning solutions, trash cans, garden utensils, portable sports equipment, and computer ink and paper.

i. Expenses/Operations

Annual operating expenses must be adequate and reasonable, customary, and necessary when compared to similar Projects, location, and population served. In order to substantiate operating expenses, Projects under this RFP shall present a plan to cover anticipated annual operating costs for the Project.

j. Real Estate Tax Reserves

All Applications must capitalize a real estate tax reserve to pay real estate taxes during the construction period of the estimated annual real estate taxes in the first year of Project operations declared in the development budget.

All Applications must include evidence of how construction period real estate taxes and operations period real estate taxes were determined.

All Applications assuming a real estate tax abatement for any period of time must submit an attorney opinion letter which details any assumptions associated with the abatement including all of the following: the calculation of real estate taxes before, during, and after the abatement, the anticipated date the abatement becomes effective, and the length of the abatement.

k. Insurance Reserves

All Applications must budget an adequate insurance reserve to pay insurance during the construction period in the first year of Project operations in the development budget. Additionally, the operating pro forma must include the anticipated annual insurance expense.

l. Applicant Financial Capacity

Applicant must demonstrate financial capacity to support the proposed Project during construction and through the Restricted Use Period. The Applicant's net or liquid assets must exceed the cash needs of the Project. Financial capacity risks will be assessed by requiring the Applicant submit, as available:

1. The Applicant's most recent independent audits, including Single Audits and Management Letters;
2. Current fiscal year-to-date income and expense statement;
3. Current balance sheet showing all assets and liabilities, including contingent liabilities (e.g., construction loans or operating deficit guarantees);

4. A list of any litigation, pending judgments, and/or bankruptcies within the past seven years that apply to the Applicant, any principals or officers, or any affiliated entities (any litigation and pending judgments must be described);
5. A list of any funding contracts that were terminated or not renewed based on performance and/or compliance issues; and
6. A list of any unresolved monitoring findings from any Applicant funding source.

Submitted documentation will be reviewed to determine the following:

1. If the financial management system complies with Generally Accepted Accounting Principles;
2. If there are any material weaknesses in the entity's financial management system or internal controls;
3. If the developer or owner is a nonprofit organization, its audit evidences that it meets the financial accountability standards of 2 CFR 200.302 regarding financial management and 2 CFR 200.303 regarding internal controls;
4. That sufficient financial resources are available to cover any shortfalls during the Project's construction and Restricted Use Period, which will include an analysis of the Applicant's net worth, portfolio risk, litigation, pending judgments and bankruptcies, pre-development funding, and liquidity and;
5. The Applicant has recent, ongoing, and successful experience with development of similarly sized and regulated shelter or facilities, sufficient staff with specific skills and experience appropriate to their roles in the project, and financial capacity to meet its current financial obligations and risks of the Project through the minimum use period.