

Department of City Development of the  
City of Milwaukee

Request for Proposals #57964  
Homes MKE

Addendum #1  
May 20, 2022

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

This Addendum is made up of the following documents:

1. Under the information regarding the Workforce Subsidies section of the RFP, zip code 53218 is to be removed. The language will now say:  

At least 50% of the worker hours that meet the requirements above must be performed by individuals who reside in one of the following zip codes: 53204, 53205, 53206, 53208, 53210, 53212, 53215, or 53233.
2. Questions and Answers received via e-mail (11 pages)
3. Summary of Questions and Answers from the Homes MKE Webinar 5/12/22 (11 pages)

ALL RESPONDENTS OF THE RFP SHALL ACKNOWLEDGE RECEIPT AND ACCEPTANCE OF ADDENDUM NUMBER 1 (DATED MAY 20, 2022) FOR REQUEST FOR PROPOSAL #57964, BY SIGNING IN THE SPACE PROVIDED AND SUBMITTING THIS PAGE OF THE SIGNED ADDENDUM WITH YOUR PROPOSAL. PROPOSALS SUBMITTED WITHOUT THIS ADDENDUM MAY BE CONSIDERED NON-RESPONSIVE.

SIGNED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2022.

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
COMPANY NAME

## **Questions and Answers received via email for the Homes MKE RFP:**

1) What asbestos regulations apply to this RFP?

All buildings and structures included in this request for proposals are considered part of a larger planned renovation/demolition project, not excluding single structures, and deemed regulated facilities and shall be inspected, noticed and abated per Wisconsin State Statute NR447 prior to any renovation or demolition activities.

2) How should responding developers refer to asbestos regulations in their bid documents for contractors and/or subcontractors?

All buildings and structures included in this bid notice are considered part of a larger planned renovation/demolition project, not excluding single structures, and deemed regulated facilities and shall be inspected, noticed and abated per Wisconsin State Statute NR447 prior to any renovation or demolition activities.

3) How is the ARV calculated for the development subsidy?

We will be asking developers as part of their subsidy requests to provide their estimate for the "After Repair Value" (ARV) of the property. This should be based on research regarding recent sales/market comparables for the property and the neighborhood. You could also obtain a "broker's price opinion" to support your estimation of value. As part of the review of the subsidy request, the City will be evaluating whether or not the estimate of after repair value appears accurate and reasonable given our own evaluation of the property and neighborhood.

4) Does "Close Collaboration" and coordination with City departments mean this program will have its own inspectors (not DNS inspectors but plumbing, HVAC, electrical and building inspectors) and a streamlined permitting process?

We are committed to making all processes as smooth as possible. While we will not have dedicated trades inspectors solely for the Homes MKE projects, there will be a Rehab Specialist dedicated to bridging the potential gaps between developers and various City departments. We are also continuing to work with DNS to make the permitting and inspections processes quick and easy to schedule.

5) The 5-year homeowner deed restriction doesn't impact how many times a property can be bought and sold as long as the buyer is consistently an owner occupant, correct?

Yes, that is correct. There will be a restriction in the deed transferring the property to you stipulating the property must be owner occupied for five years, after the renovation is complete, and certificate of code compliance is achieved. This could be satisfied by more than one owner, as long as the property was owner occupied for five years.

6) Will lead lines be replaced under the City's Lead Service Line Replacement program or will we need to cover that cost?

Many of the properties may be eligible for the LSL program, however there is a cost sharing portion for which the developer will be responsible for, and should be included in the budget for costs for renovation. For properties not eligible for the LSL program, the entire cost should be included in the budget for the renovation costs.

7) Will the "Development Subsidy" sliding scale go above \$75k if the property rehab cost calls for additional subsidy?

The subsidy will vary based on property condition and After Repair Value (ARV). Subsidies are expected to average around \$75,000 – and could be higher or lower than \$75,000. There is not a specific subsidy maximum. Every property is unique and will be evaluated based on your assessment of the condition and the ARV, and City review of your assessment.

8) Will we receive email confirmation that our emailed proposal is received?

Yes

9) Are we or are we not required to follow the Davis-Bacon Act?

No

10) Any additional federal guidance to be expected throughout the duration of the program that could cause significant change mid program?

The terms required for all City of Milwaukee contracts funded with federal grants included with the RFP would apply. As this program is fully funded by federal grants funding, if further guidance is provided by the Federal Government at a future date, the contracts with Developers under this program would need to be amended accordingly.

11) We will be partnering with the Milwaukee Community Land Trust (MCLT) to rehab roughly 25 homes strictly for homeowners in our proposal. The relationship will be MCLT acquiring the properties and MCLT hiring us as development consultants. We will be responsible for assembling the team, due diligence and overseeing the GC throughout the entire process. Below are our questions...

11a) Will this type of proposal still qualify us as an emerging developer in the program if we're the consultant? If not, would creating a separate LLC where MCLT is the member and we are the manager suffice?

We are not able answer this question at this time. We will need to receive and review the proposal to more fully understand the relationship between you and MCLT in regard to the exact roles, responsibilities and risk for each partner in order to make that determination. In regard to a separate observation – in the MERI 2.0 program we did have non-profit developers who identified and qualified as "emerging developers."

11b) Since our proposal will involve a larger number of properties similar to LIHTC, to assist with our fundraising would we be able to receive a "pre-commitment of properties and gap funding" letter?

If you are one of the selected developers/development teams for the program, we could provide a pre-commitment letter detailing the properties and gap funding you would be eligible for, to assist you in your efforts to leverage additional funding – whether that be grant funding or financing.

11c) July 29, 2022 deadline for executing the development agreement and subsequent 30-day period to choose properties, close and begin construction. I imagine this does not apply to LIHTC projects due to the WHEDA timeline. Given the number of properties we will be

proposing and the additional fundraising needs given the scale would we be allowed additional time as well?

You are correct – this would not apply to a LIHTC project. In regard to non LIHTC projects, it may be possible that a developer has been awarded X number of properties – and those properties would be released/closed in groups over the period of the program. The July 29<sup>th</sup> target deadline applies to a first group of properties transferred to the developer. For example, a developer may be awarded 10 properties – but those properties could be transferred in two groups of 5, the first group being transferred within 30 days of execution of the development agreement.

11d) What we're basically trying to create with our proposal is a LIHTC project minus the tax credit equity and for homeowners opposed to renters. We'd be looking to rehab a large number of properties (roughly 25) all at once by bringing on one of the GC's with scattered site LIHTC experience. Acquiring all 25 properties at once will be key for the GC and want to have the necessary time prior to acquisition for due diligence given the scale. Ultimately, I'm curious if we can have our proposal treated more like a LIHTC project from the City's perspective.

We will not be able to answer this question without reviewing a full proposal. We may potentially be able to make an exception on a case-by-case basis, based on number of properties being requested and the related pre-development time frame for receiving financing and obtaining bids.

12) Is the "established goal of 70% of the properties in the program being developed for home ownership" a legislative goal of the City's? and if so can you identify the corresponding legislation?

This is not a legislative goal. It is a goal of the program.

13) In regards to developing / rehabbing these homes for homeownership, can you identify where in the ARPA guidelines this is an allowed use?

See page 133-134 of the final rule.

14) How will the City submit to Treasury ARPA audits for justification of ARPA funding going to development of homes that have long been vacant before covid for rehab and resell? Or will the homes which are funded through this "established goal of 70% for home ownership" be recently vacated from / during covid? Treasury guidance shows allowed use of affordable housing for rehab, but clarification is needed on how resell is justified under ARPA.

Pages 134 and 135 of the final rule identify the renovation of vacant properties as an eligible use and provide a definition of a vacant property. In regard to the latter, there is not a timing requirement for when the property became vacant.

15) What role will redevelopers have to prepare for in terms of ARPA funding audits and compliance?

There will be reporting requirements in the development agreements for participating developers as they relate to activities under the program, documentation required for funding requests/disbursements and requirements for you to keep accurate books and records as they relate to program activities, which are subject to audit and review.

16) In the RFP on Page 6 under "Emerging Developer Goal" please identify how the City will justify this goal under ARPA requirements and what / if redevelopers will need to participate in ARPA audit compliance and what / if documentation redevelopers will be required to furnish to justify participation in this goal.

This is a program goal that is consistent with the overall ARPA goals.

17) Is the 40% goal highlighted in any City of Milwaukee legislation?

This is not a legislative goal. It is a goal of the program.

18) In the RFP on Pg. 13, point number 15, "Termination for Convenience" please specify if this clause is absolute and necessary for redevelopers to agree to.

Yes.

19) Will the city consider a development subsidy on building permits relating to the rehab of these properties?

The cost of building permits is part of the cost of construction, which is a factor in determining subsidy for each project.

20) Will the city consider a tax increment subsidy relating to property taxes on parcels after completed rehab?

Tax incremental funding is project specific and not feasible for the development of single scattered site properties. Assume the subsidy for the project is the ARPA subsidy that is part of the Homes MKE Program.

21) Will the city consider solar panel subsidies for rehab or the creation of a solar fund to subsidize utility cost on the homes?

You may include the installation of solar panels as part of your proposed rehabilitation costs, which will factor into the determination of the development subsidy for each project.

22) Do homes need to be redeveloped as SFH's or 2 family duplexes? Is there an option to rehab into 4 or 5 unit multi-family homes according to HUD Affordable Standards? (much like you see on some corner parcels in current neighborhoods)

The majority of the properties in Homes MKE are single-family homes or duplexes. The few parcels with more units have a unit reduction requirement as part of the renovation. The City will not consider reconfigurations that make additional smaller units in a one or two family property.

23) For redevelopers building Affordable Housing Units - can we build to HUD Affordable Housing Standards, or do we need to also build to standards in Attachment B resulting in building to combined building standards?

You should assume the rehabilitation standards in Attachment B are the minimum standards for the program.

24) How are properties sorted and packaged for potential developers? Is it possible to receive properties from specific geographic areas? I want to work in zip codes 53204 and 53215.

Please put anything in your proposal that you think will be relevant to what you are trying to do with your project. Non-profits with funding and mission tied to specific geographic areas may be considered on a case by case basis.

25) Would it be possible to partner with this program and only receive properties from these two zip codes?

It may be possible. Please put anything in your proposal that you think will be relevant to what you are trying to do with your project. Non-profits with funding and mission tied to specific geographic areas may be considered on a case by case basis.

26) Are all of the homes for the HOMES MKE ARPA program available on the City's website?

No.

27) Can you tell me how many homes are available for the program in a certain geographic area?

No.

28) Can you tell me whether I can specify geographic area in my proposal?

Please put anything in your proposal that you think will be relevant to what you are trying to do with your project. Non-profits with funding and mission tied to specific geographic areas may be considered on a case by case basis.

29) Can I call you with questions?

No. All questions must be submitted in writing so that all potential proposers get an opportunity to read the responses of each question and no unfair advantage is given to anyone.

30) What is the maximum grant money (per property) awarded? How is this determined?

The grant (subsidy) per property will be determined on a property by property basis, based on the difference between total development costs and the After Repair Value of the property.

There will also be an opportunity for a "workforce subsidy" of \$5,000 per property if you meet the workforce goals for the program. Please refer to the Request for Proposals for the workforce subsidy requirements.

31) What is the maximum gap financing (per property) awarded? How is this determined?

The gap financing per property will be determined on a property by property basis, based on the difference between total development costs and the After Repair Value of the property. There is not a maximum.

32) Can these sources of funds be allocated towards the purchase price of the properties as well?

While the purchase price will be included in your calculation of the total development costs for the property, grant funds cannot be used to reimburse the purchase price of the property at closing.

33) 18 months is the only deadline for the (5+) properties to be rehabbed?

18 months is the deadline for all of the properties you have been allocated to be closed/transferred and 24 months is the deadline for completion of all properties. However, on a property-by-property basis, we will expect renovation on individual properties to be completed within 6 months.

34) We have under contract a property at 3953 N 76th St and it is a city owned commercial property. Our development budget is almost \$900,000 on this property. I'm wondering if this program can be used on City Owned commercial properties as we have a gap in our budget of roughly 250,000.

The program is only for residential properties.

35) Are their income limitations on individuals or families who purchase or rent homes rehabbed through this project?

There are no income limitations for families who purchase homes. It is the goal of the City to create more affordable housing opportunities for residents. If it is your intent to target families with certain incomes as part of your program, please indicate this in your proposal.

For rental projects, we will require that homes be rented and affordable to families with incomes below 60% of Area Median Income for a period of 10 years. See below for current income and rent restrictions.

Maximum Allowable Rents at 60% of AMI

# of bedrooms	1	2	3	4	5	6
Maximum rent	\$707	\$851	\$1,104	\$1,209	\$1,398	\$1,587

Rent limits assume landlord pays water, sewer, trash and snow/ice removal only. Rent limits change annually, usually around June/July once provided by HUD.

Maximum Income Limits at 60% of AMI

Family size	1	2	3	4	5	6	7	8
Maximum income	\$40,400	\$46,200	\$51,950	\$57,700	\$62,350	\$66,950	\$71,550	\$76,200

Income limits change annually, usually around March/April once provide by HUD. Above figures are current as of 4/18/2022.

36) What are the main items you are all looking for in the proposal?

Please refer to the RFP Document and the Application.

37) What if your business is starting off and you have all the information but one piece of information you don't have yet

This question is difficult to answer without detail on the information you are referring to. However, proposals will be evaluated on their completeness and consistency with the requirements for submission listed in the Request for Proposals.

38) What's the protocol for the next steps regarding if you are missing one piece of information for the proposal?

There will not be a "cure period" or follow up requests for missing information. We encourage you to submit a complete proposal.

39) How do you all determine the candidates for the proposal?

Please refer to the RFP, specifically the section "Developer Selection."

40) I saw that emerging developers are encouraged to apply as well. What should we add for number 2 if we have not completed any rehabs as of June? Should first time developers not apply? Any information you could give me would be appreciated thank you.

One of the scoring criteria for the Request for Proposals is Developer experience –i.e., experience acquiring and developing distressed properties. While we are encouraging emerging developers to apply for the program, given the timelines for completion, we will be looking for developers with some experience in this regard (even if it is more limited).

41) Regarding the emerging developer, we have done work on distressed homes and have limited capital working on homes in inner city where we grew up around. So, would that fit the description in the plan booklet we printed out?

We cannot specifically answer this question without reviewing a proposal. However, in your response, you can identify yourself as applying as an emerging developer, and specifically describe in the experience section how you believe you meet that definition.

42) I'm a little unsure of how the grant works if we get selected. Is it a match type or direct funds?

Each property will require its own financial analysis to determine the City/ARPA subsidy amount. The subsidy in itself will not be sufficient to cover the entire costs of development for each property. It is not a dollar for dollar matching program. The developer will have to provide financing for the difference between the subsidy amount and the total development costs for each property.

43) We want to make sure we have all the info needed and what if some of the people we have used do the work as a part time gig. We use people in the community.

There are no requirements regarding whether workers on the project need to be employed full or part time.

44) Is the proposal a separate document as well? In the application there's a section stating to list how we are unique but that's also in proposal so should we say see attached proposal or just list it separately.

Please refer to Attachment D in the Request for Proposals for instructions. This includes a completed Application Information and Proposal form and **required attachments**. The scoring criteria for "Unique Elements of Your Development Plan" should be addressed in the Application Information and Proposal form.

45) What happens if a developer doesn't completely acquisition and develop all properties with the 18 month period?

The City of Milwaukee takes the program and the related goals very seriously. The development agreement will include provisions in the case of non-performance which will include reversion of title and recapture of subsidy.

46) Once completed, what criteria will be used to appraise the properties?

The City will not be requiring post-rehab appraisals. We will be monitoring and requiring reporting of post-rehab sales prices.

47) How are properties assigned? Can developers choose the properties?

Properties will be randomly assigned in packages of 5. Non-profits with funding and mission tied to specific geographic areas may be considered on a case by case basis.

48) Besides our ability to obtain additional financing, are there minimum capital requirements that we need to meet to qualify for the program?

Developers will be required to show sufficient proof of financing to undertake their renovation projects. The City subsidy will not cover the entire costs of renovation. There are no minimum capital requirements for the program.

49) Does the number of properties awarded to a developer affect the amount of time given to finish the projects?

Regardless of number of properties awarded, renovation of individual properties will be held to the project schedule/development time frame in the RFP. While the transfer of properties awarded under the RFP to a particular developer may occur over a period of time, each property is expected to have a 6 month renovation time frame.

50) Once a package is awarded, when does breaking ground need to take place?

The first closing on Homes MKE properties and commencement of construction must occur within 30 days of the execution of the Development Agreement.

51) Did you say in the presentation the subsidy can be up to \$125,000?

The subsidy will vary based on property condition and After Repair Value (ARV). Subsidies are expected to average around \$75,000. There is not a specific subsidy maximum. Every property is unique and will be evaluated based on your assessment of the condition and the ARV, and City review of your assessment.

52) How is developer defined? I have experience flipping and rehabbing homes. I also have years experience as a landlord. To your knowledge, is this program open to ANY investor that would like to rehab the home to offer owner occupancy housing?

The Homes MKE program is open to all parties that have some experience in acquiring and renovating distressed scattered-site properties that also meet the City of Milwaukee buyer guidelines listed in the Request for Proposals (RFP) on page 7, which is directly copied from Milwaukee Code of Ordinances 304-49-9. Developer should show examples of properties renovated as part of their RFP response.

53) The program says developers must complete at least 5 homes before 12/2023. Will all 5 homes be assigned to developers or will developers have the option to pick the homes we are interested in?

Properties will be randomly assigned in packages of 5. Non-profits with funding and mission tied to specific geographic areas may be considered on a case by case basis.

54) Is there a list of the available homes that qualify under this program?

All homes for this program are vacant City-owned tax-foreclosed properties. Properties will be randomly assigned in packages of 5.

55) How is the aftermarket value of a property determined? It was not clear of the answer in the ARPA presentation on 5/12.

We will be asking developers as part of their subsidy requests to provide their estimate of what the After Repair Value of the property. This should be based on research regarding recent sales/market comparables for the property and the neighborhood. You could also obtain a "Broker's Price Opinion (BPO)" to support your estimation of value, if you choose. As part of the review of the subsidy request, the City will be evaluating whether or not the estimate of After Repair Value appears accurate and reasonable given our own evaluation of the property and neighborhood.

56) Our development timeline is often longer than most developers because we are subject to CDGA grant compliance. This additional funding from CDGA allows us to sell developed homes for a lower price to income eligible buyers. Based on these factors, could Homes MKE consider allowing us to complete less than 5 homes during the 18-month period? As a nonprofit, we do not have the capacity to complete five homes due to various factors that may benefit the ARPA program: We sell homes to buyers with income of 80% of AMI or less and often first-time homebuyers; We sell the property at an affordable price (minimum \$10,000 below market value). We are currently selling a renovated home for \$130,000 that was appraised for \$173,000 in the LH area as part of the MERI 2.0 program.

The minimum number of homes that would need to be completed during the program is 5.

57) How do subsidy payments work when two entities combine into a proposal? Can one entity purchase two houses and the other entity purchase three houses (as part of the Homes MKE) and each separately be responsible for the paperwork, compliance, and receiving the subsidy on the homes each entity develops?

As part of the Homes MKE Program, we will be entering into a development agreement with selected developers/development teams. One or more entities may be signatories to a

development agreement. However, the entity (or entities) that is signatory to the development agreement will be responsible for all obligations under the agreement jointly.

58) Are there any eligible homes in the neighborhoods that we traditionally work in that we could be considered for prioritization (Layton Blvd West Neighborhood which consists of Layton Park, Burnham Park, and Silver City, Clarke Square, Muskego Way)?

Yes.

59) Are we supposed to fill out the "Official Notice 57964 Request for Proposals" document?

Please refer to Attachment D in the Request for Proposals for instructions. This includes a completed Application Information and Proposal form and **required attachments**.

60) How do I qualify if I don't have a long history or experience doing real estate renovation or development work?

One of the scoring criteria for the Request for Proposals is Developer experience –i.e., experience acquiring and developing distressed scattered-site properties. While we are encouraging emerging developers to apply for the program, given the timelines for completion, we will be looking for developers with some experience in this regard (even if it is more limited).

61) I know you are allowing for emerging developers, but I am not an ACRE grad, and I have not done real estate as an occupation. Can I still qualify? What should I say to qualify?

You may still qualify if you have some experience acquiring and developing distressed scattered-site properties.

62) One of my main concerns is how the selection process goes? What if you guys get us a list or award of properties that we deem is very difficult to restore in the amount of time and uses a high amount of resources. In other words, we may want 5 -10 properties, but the rehab costs is \$170K+ apiece for a some of them, and we feel it's not feasible to do. Do we have to take the exact properties? So we really need to better understand how this selection process goes and if we're still able to participate if we reject some of the ones handpicked for us.

Property assignments will be random. There will likely be one or more better properties in a package. The subsidy will be provided at a level that supports the pro-forma for the property. If the property is an extremely difficult property, the subsidy request should reflect the level of development costs that the property requires. We have contemplated allowing the removal and exchange of 1 property per package assigned, as inventory allows. Developers will need to decide how many properties they can handle during the allotted time period. If developers are assigned more properties than their capacity for some reason, then their award will be reassigned to a developer that can meet the required capacity.

63) Another question that we have is about the "goal" of 70% home ownership. Are there any incentives or punitives to achieve this goal?

The contracts will require properties to be used as stated in a developer's application. For example, if a developer indicates they will develop for homeownership, their contracts will indicate that homeownership is required. There will be deed restrictions, including potential reversion and recapture of subsidy.

64) What is the highest amount of subsidy?

The subsidy will vary based on property condition and After Repair Value (ARV). Subsidies are expected to average around \$75,000 – and could be higher or lower than \$75,000. There is not a specific subsidy maximum. Every property is unique and will be evaluated based on your assessment of the condition and the ARV, and City review of your assessment.

## **Summary of Questions and Answers from the Homes MKE Webinar 5/12/22:**

1) If some of the allocation is going to emerging developers wouldn't their experience points be lower?

The scoring will be bifurcated/separated in two sections where emerging and non-emerging developers will be scored separately.

2) As far as emerging developers – Do you consider who developers partner with for contractors as part of their experience and how do we define emerging developers?

When we are talking about emerging developers, we are talking about the lead person on the development team. We put a definition for emerging developers in the RFP on page six. We're basically looking for people who are working to build their capacity in business. They might be graduates of the ACRE program, have a background in real estate, have very limited experience to date and are looking to build that experience and build that capacity, or maybe are disadvantaged because they don't have access to capital or financing or lending or equity (the components necessary to undertake a development project). In the application it asks you to self-identify as an emerging developer if you believe you meet that definition and that category - and we'll be considering that as we review the proposals.

3) If you are an emerging developer would you need to provide to prove that you're an emerging developer?

A statement within your application about why you'd like to be considered an emerging developer would be appropriate.

4) Who will be doing the scoring of the proposals?

The individuals, the DCD staff will be reviewing the proposals and scoring them accordingly. The identities of the individuals is not something that we share publicly, but it's DCD staff.

5) Why do the responding developers need to include their Articles of Organization with their submission?

The purpose relates to the background checks that we are required to do to qualify buyers of city property. The city has an ordinance relating to buyers of city properties (Milwaukee Code of Ordinances 304.49) that includes checking for the following:

- a. Not selling real estate to anyone who:  
Delinquent in the payment of any property tax, special assessment, special charge or special tax to the city.
- b. A party against whom the city has an outstanding judgment.
- c. A party against whom the city has outstanding health or building code violations or orders from the City's health department or department of neighborhood services that are not actively being abated.
- d. A party who has been convicted of violating an order of the health department or department of neighborhood services within the past year.
- e. A party who owned property in the city that, at any time within the past 5 years, the city acquired by means of property-tax foreclosure.

The City will need to identify all persons who are part of any entities or LLCs or non-profits, so that we can ensure that we're being comprehensive in our background check, so as to not have people partnering with for example a notorious bad landlord to get involved in the project. That is why we request articles of organization.

6) When will the list of properties will be available?

We do have a preliminary list of about 120 or so properties. We will be assigning them to developers directly. All homes for this program are vacant City-owned tax-foreclosed properties. Properties will be randomly assigned in packages of 5.

7) Can a person be listed on two proposal submissions?

Yes, we have allowed that in the past for other initiatives.

8) There's a couple questions relating to what happens to the home after they are renovated by the developer. First, what would be the criteria for the selling of the homes once developed? Second, is there maximum income requirements for eventual buyers of developed houses?

The way that this program is structured, the properties will be on the private market and there will not be restrictions on income for purchasers. The developer is the buyer from the City, the eventual homeowner that buys from the developer is not a sub-recipient. The way we are creating requirements for the developer is through the development agreement, and deed.

Home ownership is important for us we all know that homeownership is a priority housing goal for the city. Another priority housing goals is addressing the disparities in home ownership rates in the City. If, as part of your proposal, for example, you intend or have a program where you intend to sell the houses you're developing to a low income family, which is someone under 80 percent of median income, or you're bringing resources to the table that allow you to do that, I would mention it in your proposal. You would want to mention it because, although it is not specifically a requirement of the program, it's something we're interested in and if that's a feature of your plan, it will be reflected in your score in the final category pertaining to uniqueness. If you have income targeting goals because you are mission driven - or that's what your partnership looks like I would include that.

Additionally, we did speak with many of our home pre-purchase counseling agency partners and a lot of the feedback that we heard was that there is a real lack of inventory for many of their counseling recipients. The inventory needed, according to the homebuyer counseling agencies, is in the realm of \$80,000 to a \$140,000. We hope that listing price range will be reflected in the Homes MKE properties, once they are fully rehabbed and developed and back on the market. Importantly, pre-purchase counseling will be required for the buyers of the properties.

9) Is demo and rebuild an option?

New construction is not being considered a part of the Home's MKE program. Homes MKE is for the renovation of existing City-owned, tax-foreclosed improved properties.

10) Can the non-profit use these American Rescue Plan Act (ARPA) funds in addition to the current Community Development Grants Administration (CDGA) funding, or do we need to separate the streams of funding?

We would not prohibit the use of funds from CDGA along with ARPA funds. The only thing to be aware of is that ARPA funds are administered out of the Department of Treasury, not the Department of Housing and Urban Development (HUD), so the rules are a bit different in terms of ARPA requirements versus Community Development Block Grant (CDBG) requirements. If CDBG funding is a component of a proposal we select, we'll work together to sort that out.

11) For developers contemplating the creation of affordable housing units through Homes MKE:

Can we build to a HUD affordable housing standard or do we need to also build to standards in Attachment B resulting in building to combined building standards?

The rehab standard that was developed as part of Homes MKE and posted in the RFP is the minimum standard. ARPA funding is from the treasury not from HUD and our Homes MKE ARPA standard has likely higher standards than the HUD general requirements. All construction/rehabilitation work should meet the Homes MKE standard that was posted as part of the RFP.

12) Why five properties as a minimum?

It mirrors our other bulk purchase programs in the city and we are still contemplating whether for emerging developers, we would allow the closing of less than five properties at a time, though we would like each developer to take on five properties as a minimum. So, the part we're still contemplating is whether someone could close on three properties and then close on two in a future time. So, we hope to have that answer out for you shortly. Part of it is related to efficiency too. We definitely need to be responsive to the timelines that are based on our experience in getting this level and this amount of properties done and this amount of subsidy out the door.

13) The RFP lists the resident zip codes for the workforce subsidy excludes 53216 which appears to be the large part of the development area was that intentional?

The zip code list is the list that's used for the City of Milwaukee's RPP (Resident Preference Program) that's indicated in the Milwaukee Code of Ordinances that deals with the RPP program. So, there was no zip code intentionally included or intentionally not included. It was just what the RPP program follows. It may be based on where there's the highest degree of unemployment and underemployment as assessed by the City.

Developers will get credit for workforce hours for unemployed and underemployed people no matter where they live in the City (all City of Milwaukee zip codes). The requirement for the subsidy as listed in the RFP specifies that 50 percent of the hours need to be from those specifically identified zip codes. For example, you could have 50 percent in those listed zip codes and you could have another fifty percent in 53216 or 53202, which are not listed in the RFP.

14) Will this recording be sent to the email that we provided for this appointment?

No. We will post it at the website listed on the screen right now:  
[milwaukee.gov/DCD/Projects/RFPs](http://milwaukee.gov/DCD/Projects/RFPs)

15) Will the random house selection/allocation be in the same geographic neighborhood or potentially spread over the entire area on the map provided in the webinar?

Homes assigned to an individual developer or development team may be spread over the entire area. We have found in our past experience that even when people were targeting geographically, they ended up choosing properties all over the area. If you are a non-profit with a physical presence in a particular neighborhood, with funding tied to a specific geographic area, we would like you to include that in your RFP response so that we can take that into consideration.

16) Will this project qualify for the 500+ Program consideration? There's also other questions about whether there's going to be deed restrictions requiring properties to be sold to owner occupants.

The 500+ program that applies to our city direct sales to a homebuyer, not to a developer who will re-sell to a homebuyer. We will still be making city direct home sales to homebuyers during this Homes MKE program period. We will be releasing new properties that will be for home buyers directly, who can participate in the 500+ program, but that program is not compatible with this particular program at this time. We will be encouraging and working with developers who are selected to make available properties known to residents near the homes.

17) Let's talk subsidy. Is the subsidy in a second place lien-holder position for five years, and then forgiven after by the city of Milwaukee?

No, the subsidy offered under Homes MKE is a development subsidy. So, there's not going to be a lien on the property which probably could cause some issues when you went to sell. However, just like in past programs, there will be deed restrictions. For example, if you're renovating then re-selling for home ownership, you as a first-owner/developer-owner aren't going to be personally owner occupying the property, but you must sell to an owner occupant. If that owner-occupant sells the home prior to five years after completion of the renovation, the next owner also has to be an owner occupant. If homes are being developed for homeownership, we want to see them owner-occupied for at least five years which is consistent with the way we handle it in our past programs.

18) Is the workforce subsidy a required portion of the program?

Developers can pass on the workforce subsidy and still rehab properties with the development subsidy. However, we are strongly committed - as are the policy makers - to having the workforce subsidy be a part of this development program. It is very important to us and it's important to people within the community. We hope you will take the workforce subsidy seriously.

19) Can two entities collaborate on a single application?

Absolutely - we see that all the time. Please feel free to form whatever partnership you believe will be beneficial and submit together. We would love to see creative opportunities and people collaborating with their resources.

As part of the Homes MKE Program, we will be entering into a development agreement with selected developers/development teams. One or more entities may be signatories to a

development agreement. However, the entity (or entities) that is signatory to the development agreement will be responsible for all obligations under the agreement jointly.

20) Am I able to participate as a certified city of Milwaukee construction management firm?

The owner can be any type of entity it could be an individual person it could be an LLC, it could be a non-profit. If you're willing to take on ownership of the property as the construction management firm, you could apply. You will need to show that you meet the same criteria as all other developers who respond to the RFP. Please refer to the RFP for the items that must be submitted with your application.

21) Have we addressed the criteria for selling of the homes once developed?

If you are rehabbing and re-selling for home ownership there will be the deed restriction. We do this to support our home ownership goals and we see the value of homeownership. We also see the value that homeownership counseling brings to a prospective purchaser not only for the purchase procedure and experience, but also for the sustainability of their homeownership over time.

22) What about home buyer counseling?

We want people purchasing properties for home ownership to have received home buyer counseling. We're fortunate that we have great home ownership counseling partners in the community. We've worked with them in the past. We've preliminarily spoken to them about the program. We will help manage how that gets worked out. And, to your benefit, if you're purchasing and developing homes for homeownership, what better than to have qualified purchase-ready homeowners ready to go for the homes you are developing. So with our staff, and as part of the support, we want to see how we can make those connections.

Likewise, if you're rehabbing in a neighborhood, one of the other connections we'll want to make is how can residents of that neighborhood be prospective purchasers for the homes you're going to be developing. We have some thoughts on that and expect developers do as well - in terms of how that might be an opportunity for future collaboration, but that's part of what we want to bring to the table when we're talking about support to developers, that's part of what we want to bring to the table to help us all meet the goals we've set out for ourselves.

23) Will material adverse facts will be available prior to applying?

There will be no condition statements provided by the seller (the City) on any of these properties whatsoever. Assume that every property probably needs new everything - as far as plumbing and roofing, ingress/egress, other essentials, etc. We are exempt from the State of Wisconsin's disclosure requirements based on property condition because we are not a buyer in the sense that we did not acquire these properties voluntarily (they were acquired in tax-foreclosure).

24) Regarding the development subsidies, that will be released in four equal installments corresponding to 25% 50% 75% and 100% completion benchmarks for the property. Is there a checklist for each of those benchmarks?

We will have a dedicated rehab staff for the program. NIDC and other staff will be helping as well. At the beginning, you have your original scope at work. At the 25% benchmark, two

things will have to happen. Staff will come out and inspect and say yes, based on my visual inspection and walkthrough of the property, looks like the work is about 25% complete. On the payment side, for example, say the development subsidy is \$60,000. The first payment is \$15,000 (25% of \$60,000). You'll have to show evidence of expenditures of \$15,000 to get reimbursed for that. You do not have to show us expenditures for twenty five percent of the total amount (total construction costs), just the amount that you are requesting in the first draw.

25) Is there a claw back provision or change in subsidy if the property is sold for more or less than that after renovation price provided at the time of subsidy request?

That is a really good question. We are contemplating something that could be a surplus proceeds sharing arrangement. So, on the front end I mentioned when we're looking at the property, we wanted people to be very thoughtful in terms of what the property is going to sell for based on knowledge and experience, the actual experience in the marketplace right. We'll look at that too and review it to see it seems reasonable, but say you get you know six months down the road things can change or the property sells for a lot more. In terms of recapture, what we're thinking about is that maybe the first five thousand dollars over you get to keep, anything above that is shared - where 50% comes back to the City so we can recycle it for doing more properties. I can tell you, based on our past experience, we've had people tell us that they're going to sell it for \$X up front and then six months down the road the project is completed there's a property sale which is for significantly more than what they had anticipated/declared to the City for subsidy calculation. Well that might be a good thing and we know the market has been really strong and moving pretty quickly - but - at the end of the day our goal is to provide the resources necessary to get the properties back to productive use and to go as far as they can in terms of the amount of work that we can do but also provide a fair return to the people that we're working with. We're trying to balance all that. In summary, the short answer your question is yes, we're anticipating there will be some kind of recapture provision if house sells for much more than what you had told us you were going to sell it for in the beginning. And with that keep in mind you're also building in a 20% profit in your initial pro-forma. So, it's not like the sales price is the only developer income that will be derived. You do want to explicitly list the 20% allowable developer fee in your pro-forma. The sales price is not the only place that you are going to be compensated out of the transaction, you will also have the developer fee.

26) Will these properties have fire damage?

Not structure-fire style fire damage (not fully engulfed damage). There may be one or two properties with a small kitchen fire type damage, but not significant fire damage.

27) Is this program exclusive to city and Milwaukee residents?

No.

28) What about developers that want to keep the properties as rental properties. Will there be restrictions to keep the rent relatively low?

Great question. There is an opportunity that if someone wanted to put an affordable housing tax credit package together (LIHTC), so that's one option we would be open to which would have its own requirements, in terms of income targeting and income of residents. For someone who wants to privately own and develop rental for the project, our intent would be to

follow the guidelines for our rental rehabilitation program, which is that if you're getting subsidy to redevelop a property for affordable rental, it'll need to be have rents affordable to someone who's making 60% percent or under of Area Median Income ("AMI"). The income and rent limits are below.

Maximum Allowable Rents at 60% of AMI

# of bedrooms	1	2	3	4	5	6
Maximum rent	\$707	\$851	\$1,104	\$1,209	\$1,398	\$1,587

Rent limits assume landlord pays water, sewer, trash and snow/ice removal only.  
Rent limits change annually, usually around June/July once provided by HUD

Maximum Income Limits at 60% of AMI

Family size	1	2	3	4	5	6	7	8
Maximum income	\$40,400	\$46,200	\$51,950	\$57,700	\$62,350	\$66,950	\$71,550	\$76,200

Income limits change annually, usually around March/April once provide by HUD.  
Above figures are current as of 4/18/2022.

29) Is developing for Rent-to-Own an option to consider for reaching the 70% home ownership target?

Yes, if you're proposing a rent to own program as part of your proposal. You must provide in your RFP response, the details on how you lease-to-own program really works, what's the rent to own period, and if you're doing any income targeting of residents. Be explicit and thoughtful about explaining how the program works. We do consider rent to own a viable alternative for home ownership, if the program is well-designed and especially if successful in the past.

30) Will DCD staff assist with title cleanup prior to closing by the developer?

When the City of Milwaukee acquires a property through tax foreclosure - we do not foreclose on tax liens - we foreclose on the actual assets. So, the City owns the property free and clear. There may be Special Assessments that come up during the course of our ownership which we will address in our development agreement contract, but there shouldn't be any liens from prior lenders or from prior owners or prior contractors.

31) Has there been any effort to work with the Milwaukee community land trust on this whole process?

If Homes MKE is interesting to them, they are free to respond to the RFP.

32) Do remodels with proof of added home value count towards the five properties?

The five properties that we're looking to have you remodel or renovate would be properties that we are going to sell you through this program. It wouldn't be five properties that we're looking to see that you've remodeled or renovated in the past. You could show that as part of

your past experience in your application to get an award, but it wouldn't be what we're trying to subsidize right now. This program is for renovation of City-owned tax-foreclosed properties only.

33) How many developers will be picked?

That is very dependent on how many developers respond. Minimum is five properties per developer. Hypothetically, the award could be just five properties to each developer. We would prefer more economies of scale, however.

34) Is this program replacing the city-owned housing listings that are individually up for bidding?

No, there will be new properties listed that will be up directly for owner occupants.

35) Do bidders have the option to pass on the deal if granted?

If a developer is selected through the evaluation process, and after selection further information is provided to the developer, and based off that information they don't think it's a good fit for them, we would prefer to try to keep that developer as part of the program because at that point we would have thought highly of that application and that's why we would have considered it for award. There's not a requirement to sign the development agreement if selected by the city, but we certainly would encourage the developer to do so, but it is not a requirement.

36) Please clarify is the homeownership deed restriction. A total of five years or does it reset if sold before five years?

It is a total of five years that the home must be owner occupied, from a contracting standpoint. It would be very hard for us to have it reset.

37) Is the list of properties only single family or are there duplexes as well?

The properties are mostly single family and duplexes. There are a couple of duplexes/multi-unit buildings that were chopped up/divided into four families that require conversion (a reduction of units to either two units or less). Unit reduction does provide additional challenges, so developer capacity will be considered for those properties.

38) Will these properties include properties with damage to the foundation?

Yes.

39) How will DCD determine the subsidy without an appraisal?

We're going to start by using MLS to look at comparables for the neighborhood, much the way you might look at a Broker's Price Opinion (BPO), but doing so with an eye towards the property is going to be fully rehabbed.

40) How is the developer's involvement with their targeted neighborhood being valued in the proposal?

We have asked developers that if they have funding sources that are directly tied to their neighborhood as part of their proposal, to express that in their application and we will evaluate those as they come in.

Please put anything in your proposal that you think will be relevant to what you are trying to do with your project. Non-profits with funding and mission tied to specific geographic areas may be considered on a case by case basis.

41) How can we determine the pro forma subsidy request if we don't know the location size or condition?

You will be provided with a list of properties post-awards. You will then make those assessments with your contractors. We will not be supplying scopes of work for these properties. Many of the scopes of work were created a long time ago and are not relevant to the property in its current condition.

42) What if the selling price is lower so that lower income folks can purchase?

If you are contemplating something that would include some kind of affordable component in your model, you should state that and so that we can evaluate it. I suppose on the subsidy request side that would be something we would consider. Keep in mind, if we were to consider something like that, there would have to be some requirement then that the property could only be sold for that amount and only be sold to a low-income purchaser. So again, if that's part of a model that you have, I would just address it in your response to the RFP and we'll look at it.

43) For emerging developers who might not have the knowledge for finding more funding but have the qualifications and capacity in other areas, will the city be providing resources for outside funding?

Our funding for the program is going to be the funding through the Homes MKE initiative. We're not going to bring other resources into the program. Now certainly if you have the ability to get other resources to have access to other resources, you can do that. If you're looking for ideas, the City just collaborated with the Community Development Alliance on a housing plan. There are a lot of funders out there now that are interested in affordable housing, so if you had a great idea on putting together a proposal that might be an avenue that you could pursue. But specifically as it relates to this, the resources we will bring are the resources that have been allocated to the program.

44) If you claw back subsidy on the upside - such as if someone sells the property for more than they anticipated in the provided ARV - would you also provide more subsidy if their increased rehab costs on the downside?

That is a question we are contemplating as we work through the details of the program. We think things will average out a little bit, in that you'll have a property that's going to go slightly over, you're going to have a property that's going to go slightly under, and those things will even out. And that's why we've talked about the first X number of dollars you get to keep over the original estimated After Repair Value. I do believe that one of the things we're contemplating in that case is maybe having a hardship kind of provision where if you have some catastrophe with a property that you hadn't anticipated and it's non-recoverable and it really impacts your pro forma, that you'd be able to come back and request consideration for additional funding. At the

end of the day it's also development though - so let's face it - there is a certain amount of risk right that goes along with it that we want you to carefully evaluate as you consider participating and as you're putting together your numbers.

45) Will the houses be listed on this website or sent to the specific developer?

All homes for this program are vacant City-owned tax-foreclosed properties. Properties will be randomly assigned in packages of 5 to the specific developer.

46) Will the recording of this session be posted?

The recording will be posted on the [milwaukee.gov](http://milwaukee.gov) DCD RFP's website that is listed on the screen right now. [milwaukee.gov/DCD/Projects/RFPs](http://milwaukee.gov/DCD/Projects/RFPs)

47) Maximum properties per developer?

We do not have a maximum properties per developer. We're going to look at the proposals, consider the capacity, consider our inventory and then get to at least 150.

48) There's a question of that developers are being given first priority to renovate 150 plus city owned homes and any leftover will carry over to owner occupant bids

The vast majority of the properties have been listed for owner occupancy previously, in some cases for years, without a buyer. Please be assured that nearly all properties have been listed for owner occupancy.

49) How high could the scopes of the homes be?

That depends. The highest scopes of work that come up could be over a hundred thousand dollars based on the size of the property and the degree of the difficulty of the renovation. We did need to provide some variety in the condition of the properties selected for Homes MKE. So that there would be opportunities for varied degrees of properties and there are a couple that have not been listed for owner occupancy first and we are going to parcel those out evenly across the developers to the extent that we get the appropriate number developers for those houses, just to give some opportunities for homes with just a tiny bit less work that haven't been exposed to the market for six to seven years.

50) The inspection process is adding months to projects due to the lack of inspectors. Will additional HVAC, electrical, plumbing and building inspectors be hired?

We've been closely collaborating with the Department of Neighborhood Services (DNS) in various different ways, we are in talks with them about potential delays and inspections and we will continue those conversations throughout this process and hopefully be able to alleviate some of that delay.

51) Are local/private philanthropic organizations engaged in this process in a way to help with financial obstacles that inevitably will arise when it comes to public funding sources? Are local lenders being engaged to think creatively and help facilitate purchase by individuals who don't typically have access to those lenders project products, such as people with low credit scores or without documentation or U.S. Citizenship?

We are trying to be as collaborative as possible. It's not just renovating 150 properties, but putting support in place that could make it a success. This is why we also decided that one of the requirements for this, from the home ownership side, is buyers should receive home buying counseling. Our home buying counselors are the leaders in terms of not only helping people qualify for houses but finding the best resources for them, additional resources for down payment the best financing products. As much as we can, we want to direct a lot of people to work with counseling agencies long before the properties are renovated so that they're ready to go at the point that they're going to be available for sale. At a neighborhood level, we want to make sure that residents who are living in the neighborhood and currently renting who want to become homeowners - or homeowners who have friends and family who want to become homeowners and would like to live in the neighborhood - are getting the help that they need leading up to the development of the properties are leading up to the completion of properties so that when they become available for sale. They almost get "first look" for purchase.

52) How open to innovative concepts is this RFP especially if we can show past performance in a similar city and neighborhood?

Generally, very open. The fourth scoring criteria in the RFP that we had gone over is exactly that – points for innovative and creative ways and things that you can do as a development team. We have we have great interest in it and openness for these ideas.

53) Can the City look into suggesting the use of the UDC universal dwelling quote inspectors in the City of Milwaukee to help with these residential inspections? I heard the City was thinking of this before it's done in every other municipality in Wisconsin.

We cannot speak on behalf of the Department of Neighborhood Services. We are in collaborative talks with them and we are aware of the discussion around delays for various trade inspections. I know that in the past there I believe was some contractual opportunity amongst inspectors at times when development had taken off, and the department itself couldn't keep up, but again we can't answer on behalf of them but we will continue to have those communications with the department to hopefully alleviate those delays.

54) What home buyer counseling agencies does the City think are successful?

We have listed the home buyer counseling agencies that we that are experienced that we have experience with that previously were part of the HUD certification program. They are on page 17 of the RFP.