

RFP# CDA 2022-003 – 40 Units of Long-Term Homeownership Homes Utilizing 4% LIHTC

Frequently Asked Questions (**updated 9-19-22**)

1. *How have other projects had success in serving Black & Latino families consistent with Fair Housing Laws?*
Many of our collaborating agencies are able to serve 80% or more families of color consistent with fair housing rules. This has been done through race-neutral strategies such as focusing on lower income zip codes, lower income families, first-generation homebuyers, etc.. Culturally aware networking, marketing and documentation has also help reduce the barriers that would otherwise exist.
2. *Can a developer respond to multiple CDA RFPs?*
Yes
3. *What are the ARPA requirements?*
See Exhibit F
4. *Do Davis-Bacon wages Apply?*
Not if the only federal source of funds are ARPA. See Coronavirus State and Local Fiscal Recovery Funds: Final Rule: FAQ (July 27, 2022), page 19, available at [SLFRF-Final-Rule-FAQ.pdf \(treasury.gov\)](#).
5. *What happens if construction costs continue to increase?*
Once Successful Respondent identifies building contractors, the partners will revisit construction costs to determine the appropriate level of units. Together partners will decide if additional funds can be raised, or the number of units should be reduced.
6. *What property standards apply?*
Homes should be built in a manner consistent with Exhibit B – Sample Unit Design and Exhibit C – Design Requirements. Once Successful Respondent is selected, partners will work with respondent on final design plans and value engineering. The agreed upon design plans will be included in an amendment to the initial development agreement.
7. *Lowest responsible bidder vs. price consideration*
This RFP is not subject to the lowest responsible bidder standard, and rather the ARPA Uniform Guidance which requires price as a consideration, together with other considerations that are included in the RFPs scoring criteria.
8. *How many Successful Respondents will be selected based on this RFP?*
Only one Successful Respondent will be selected based on this RFP. The same Successful Respondent may be chosen for multiple RFPs.
9. *What community engagement has been done, and what is expected?*

This project has been designed to be consistent with the priorities of the Fond du Lac & North Comprehensive Plan which identifies the construction of single family homes as a priority. There will of course need to be continuous resident collaboration and if there are significant changes needed in the project, the partners will work together to resolve.

10. The www.housingplan.org/RFP link isn't working for me.

The correct link is www.housingplan.org/rfp

11. How many of the 40 homes will be duplexes?

15% of the project units should be duplexes.

12. Regarding duplexes, are both units homeownership, or will there be one owner who rents out the second unit?

The default is one owner after the 15 year LIHTC compliance period. The owner would rent out the second unit. If a developer wishes to include another form of ownership they should specify that form of ownership (e.g. condo, cooperative, community land trust, etc.) in Question D – Ability to provide Home Buyer Counseling. Question D should then also include a response on how developer will prepare homeowners for these forms of homeownership.

13. What will the price point of the duplexes be?

The duplexes should be considered two units in your application for purposes of determining the subsidy per unit and ultimately the response to Question A – Number of Units. The price point for the sale of the duplex after the 15 year compliance period should be \$210,000.

14. Is the use of a second mortgage that is non-forgivable and paid off upon sale or transfer by the homebuyer considered a fee?

The goal of this project is for homes to be affordable to families making \$24,000 to \$50,000/year, which has been determined to be \$110,000 or less. Any charges to borrower above \$110,000 are not allowable. However, a developer may include additional restrictions on a subsequent sale by initial homeowner in order to persevere long-term affordability beyond the homeownership deed restriction and right of first refusal required in the RFP. For example, developer could use a community land trust, second mortgage, or other instrument that limits or shares the appreciation of the property. These instruments, however, must require that any appreciation not given to the homeowner, must be used for the charitable purpose of affordable housing for families making \$50,000/year or less.

15. Is the goal of the sale price in the deed restriction to be \$100,000 net cost to the buyer, leaving an opportunity for the gross sale price to be closer to market and then offset by additional subsidy at the time of sale, or is the \$100,000 price the gross sale price?

The goal of the sale price in the deed restriction is to be \$100,00 gross sales price to buyer. The primary compensation for the developer is the upfront 15% developer's fee allowed by

LIHTC, and not additional compensation at sale. The \$100,000 sale price is intended to cover only the repayment of the impact investment and transaction costs.

16. \$650 per month in rent today equals an inflation adjusted rent of over \$1,000 per month in year 15, which is more than the projected escrowed mortgage payment on a \$100,000 home. Can we assume a higher sale price in our RFP response where the monthly mortgage payment more closely aligns with the inflation adjusted rent?

No. The primary compensation for the developer is the upfront 15% developer's fee allowed by LIHTC, and not additional compensation at sale. The \$100,000 sale price is intended to cover only the repayment of the impact investment and transaction costs.

17. Do all 40 homes need to be developed by December 31, 2024?

40 homes must be constructed by December 31, 2024, but the lease up period can extend beyond this time. The \$1.8 million of ARPA funds must be expended for eligible purposes prior to December 31, 2024, which may include the construction financing of the 40 homes.

18. Regarding Question I – Ability to include Emerging Business Enterprises (EBE), what if an entity doesn't currently track the use of EBE contractors? What are "similar enterprises"? Who maintains a directory of these enterprises? Does a non-certified Minority Owned Business count?

The response to Question I may include either your experience, or your intended approach on this project, for the inclusion of EBE or similar enterprises. Similar enterprises includes:

- Small Business Enterprises (SBE) certified by the City of Milwaukee. See at [Small Business Development \(milwaukee.gov\)](https://www.milwaukee.gov/Small-Business-Development).
- A Targeted Business Enterprise (TBE) certified by Milwaukee County. Which includes Minority Business Enterprises (MBE) and other designations. See [County of Milwaukee | DAS | Community Business Development Partners](https://www.milwaukee.gov/County-of-Milwaukee-DAS-Community-Business-Development-Partners)
- A Disadvantaged Business Enterprise (DBE) certified by the state of Wisconsin through a Unified Certification Program. See [Wisconsin Department of Transportation Unified Certification Program \(UCP\) DBE certified firms \(wisconsin.gov\)](https://www.wisconsin.gov/Department-of-Transportation/Unified-Certification-Program-UCP-DBE-certified-firms)
- Enterprises that would meet the definitions above that are not-yet certified, but intend to be certified during the project.

19. Do we need to submit a project budget or full financial model?

No. The goal of the RFP is to evaluate the number of units of the specified quality, that can be produced for the \$1.8 million subsidy (i.e. Question A – Number of Units). CDA and its collaborators reserve the right to request a project budget for clarifying purposes in its evaluation of responses.

20. Do we need to submit audited financial statements?

No. Instead, respondents should include in response to Question J – Financial Capacity a narrative response that includes whether the respondent has audited financial statements,

and any significant findings of those audits. Question J should also include a narrative responses of what fund balances may be available to support Developer Contribution. CDA and its collaborators reserve the right to request financial statements in its evaluation of responses.

21. Do all units have to be 3 bedroom, 1 bath? Could we build 2,3 and 4 bedroom models to offer a mix of choices to homebuyers of varying family sizes? Could square footage range from 800-1100 based on the design.

It is important that the review of responses be “apples to apples” so for the purposes of the RFP all units should be the 3 bedroom, 1 bath, approximately 1,000 square foot units that are depicted in the RFP. Post award, successful respondent and CDA will review relevant market data to determine if any changes in number of bedrooms are warranted.

22. Beyond affordability, families have different housing wants and needs such as 4 bedrooms and accessibility. How does the RFP address this fact, particularly knowing that one of the criteria of the LIHTC program is providing a market study showing demand for the specific unit type(s) and rents proposed within the project’s submarket area?

Current market data supports the construction of 3-bedroom homes at this price point, thus we do not anticipate a market study being a barrier. Please also see Question 21.

23. Who ultimately approves the designs?

The development agreements with the City (for land) and County (for funds) will govern the design and process for any design changes.

24. What are the grant compliance / reporting requirements?

Successful Respondent must track the following and submit on a quarterly basis during the grant term:

- Total project costs incurred
- Total costs allocated to ARPA funds
- Number of units started, in progress, and completed
- Demographics of homeowners: family size, race, gender, income, zip code prior to purchase

25. Which organization will oversee compliance / reporting?

CDA will oversee the quarterly compliance / reporting. Successful respondent is responsible for submitting data to CDA and otherwise complying with development agreements with the City and County, and agreements with WHEDA related to the use of LIHTC.