

RFP# CDA 2023-001 – Early Childhood Education Homeownership Initiative – Fifty (50) New Construction Single-Family Homes for Immediate Homeownership

Frequently Asked Questions (updated 4/26/23)

1. *How have other developers successfully completed projects to serve Black and Latino families while also complying with federal, state, and local fair housing laws?*

Families of color make up approximately eighty percent (80%) of the collective client base of our collaborating agencies and such agencies utilize policies that are consistent with federal, state, and local fair housing laws. This has been done through the use of race-neutral strategies such as providing services to (i) those individuals living in City zip codes where the median income is lower (as compared to other City zip codes), (ii) families earning lower incomes generally (as compared to other families living in the City), and (iii) first time homebuyers. Culturally aware networking, marketing, and outreach has also helped to reduce barriers to homeownership and wealth building that would otherwise exist without such efforts.

2. *Can a Respondent to other CDA RFPs?*

Yes

3. *What are the ARPA requirements?*

See [Exhibit F](#) (Terms Required for the Use of ARPA Funds)

4. *Do Davis-Bacon Act requirements (addressing prevailing wage rates) apply for the Project?*

Not if the only federal source of funds is from the ARPA. Davis-Bacon Act requirements will apply to the extent funds are obtained from any source or sources other than 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 increase after the Successful Respondents respond to the RFP?*

Once the Successful Respondents identify the contractors that will work on the Project, CDA, LISC, the Successful Respondents, and other relevant stakeholders will revisit construction costs to determine the number of Project Homes feasible. Together, these parties will determine the next steps, whether raising additional funds or reducing the number of the Project Homes constructed.

6. *What property standards apply?*

The Successful Respondents must build the Project Homes in accordance with the standards set forth in [Exhibit B](#) (Sample Unit Design) and [Exhibit C](#) (Design Requirements). Once the Successful Respondents are selected, CDA, LISC, the Successful Respondents, and other relevant stakeholders

will finalize design plans and initiate value engineering. The Successful Respondents and LISC will incorporate initial and amended design plans in the 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 Respondents will CDA and LISC select under this RFP?*

The intention is to have no less than two (2) and no more than five (5) Successful Respondents, but CDA and LISC will make this determination based on the capacity and scoring of the Respondents.

9. *What community engagement has been done, and what is expected?*

This project has been designed to be consistent with the priorities of Community Development Alliance which identifies the construction of single-family homes for affordable sale as a high priority. There will need to be continuous resident collaboration and if there are significant changes needed in the project, the partners will work together to address.

10. *Can the project budget include a developer return, broker's fees, and other soft costs necessary to complete the project?*

The response requires the submittal of a per unit budget and a project budget (See Category A). Expenses such as developer return, broker's fees and other soft costs should be listed in these budgets. Respondents may include whatever costs they deem necessary as part of their internal calculations to successfully complete the project. Estimated project costs will likely be different for each Respondent. Once total project costs have been developed by Respondent, then there should be a determination of how many homes can be produced by the Respondent for the subsidy that is being requested. This number of homes and requested subsidy should be used to respond to Question A – Price of Project Homes.

11. *Are Successful Respondents permitted to construct duplexes as part of this Project?*

No.

12. *How should a Respondent utilize Emerging Business Enterprises if the Respondent does not currently track the use of Emerging Business Enterprises? What are enterprises that are similar to Emerging Business Enterprises? Who maintains a directory of these enterprises?*

The Respondent may include either its current experience with Emerging Business Enterprises, or the intended approach of the Respondent for this Project. Enterprises that are similar to Emerging Business Enterprises include:

- 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. See [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 \(wisconsin.gov\)](#)

13. *Are the Respondents required to submit a budget for the Project?*

Yes. The goal of the RFP is to evaluate the number of homes of the specified quality that can be produced for the \$4.5 million subsidy, or portion thereof (i.e. Question A – Price of Project Homes). CDA and its collaborators reserve the right to request additional project budget details for clarifying purposes in its evaluation of responses.

14. *Are the Respondents required to submit audited financial statements?*

No. Instead, each Respondent should provide a written response to question in Section IV. H. above (Submission Requirements; Financial Capacity) indicating whether audited financial statements have been prepared for the Respondent for any of the last three fiscal years, while also providing any significant findings contained in those audited financial statements. CDA and its collaborators reserve the right to request financial statements for evaluation purposes.

15. *Do all units have to be 3 bedrooms, 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.

16. *Which party ultimately approves the designs for the Project Homes?*

The City and LISC will ultimately determine which designs the Successful Respondents will use to construct the Project Homes.

17. *What are the grant compliance / reporting requirements for the Successful Respondents?*

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

- Total costs incurred for the Project
- Total costs allocated to funds provided through the Program / ARPA funds
- Number of Project Homes started and completed
- Demographics of homebuyers: family size, race, gender, income, employer, and zip code prior to purchase

18. *Which organization will oversee compliance and reporting for the Project?*

LISC will oversee the quarterly compliance and reporting. Each Successful Respondent is responsible for submitting data to LISC and otherwise complying with agreements entered into with LISC or the City.

19. *You state that the housing should be slab on grade with frost protection, however, your images indicate a full basement. Which is correct?*

Homes require a basement consistent with Exhibit B – Sample Unit Design, and Exhibit C – Design Standards. The use of the term “slab” in the Design Standards refers to the slab of concrete that constitutes the basement floor. In the original RFP Exhibit D referred to a slab on grade. A Revised Exhibit D has been issued to reflect a basement.

Furthermore, an earlier version of Exhibit C indicated that an “Alternative to a full basement....” Would be considered. This reference has been removed and a revised Exhibit C has been issued.

20. *Will the grant be issued upfront to finance the project or will this project require bank financing and its related costs? We are just trying to understand the flow of money.*

It is anticipated that each developer will be utilizing a Construction Lender to provide a construction loan that will include a construction draw process, typically monthly. The funds awarded by this RFP will be submitted to the Construction Lender on a reimbursement basis. For example, if a Successful Respondent submits a monthly draw for \$50,000 to the construction lender, the full \$50,000 should be paid by the construction lender, and the Successful respondent will submit for reimbursement to LISC for reimbursement of \$50,000. The reimbursement is expected to take 30 days. In other words, the Successful respondent can draw down on the subsidy fully as costs are incurred with the following limitations:

- The amount requested for any home cannot exceed the subsidy for that home. For example if the total cost of a home is \$180,000, and the subsidy is \$90,000, then only up to \$90,000 of subsidy can be drawn for each home.
- 10% of the total subsidy will be held back to ensure compliance and will only be disbursed when all homes are complete. For example, if you have a total subsidy of \$900,000 for 10 homes, you can draw down on the first \$810,000 while the homes are being constructed, but cannot draw down on the final \$90,000 until all 10 homes are complete.

21. *Can you tell us the number of houses that have been awarded so far? We can see the grant amounts awarded, but it would be helpful to understand the number of houses that these would include.*

As of 4/26/23 there have not been any awards of funds under this RFP. All awards are expected to happen simultaneously in the second quarter of 2023. The notice of awards at housingplan.org/rfps are related to other RFPs.

22. Due to the construction loans being short term, typically being due upon completion of the project or one year, whichever is earliest, will the buyers be prepared to purchase on or before completion of the home? Or would our company be responsible for refinancing the loan until purchase is made?

Successful Respondents should anticipate a post-completion holding period of 3 months to allow for purchasers to complete purchase. The development agreement with LISC will specify options post 3 months, which may include selling to another income eligible homeowner, or sale to a non-profit that may hold the property.

23. If we choose a lot, start digging to build and we run into an environmental hazard or some sort of issue that has to be dealt with that will cause the construction budget to increase, is this a cost that the developer will have to cover, or is this something that the CDA would assist with?

If there is an unexpected environmental hazard, then there may be the option to switch lots. Alternatively, the amount of the grant, or the number of homes, could be adjusted. Many lots have had old structures demolished and covered with soil. This condition should be expected and included in the project budget, and is not considered an unexpected environmental hazard. This project is designed to be supportive of developers that are interested in developing single family homes at affordable prices. Reasonable unexpected conditions will be approached in a cooperative manner between Successful Respondent, LISC, and CDA.

24. If the equity required from the construction loan lender is more than \$5,000 per home, will the developer have to come up with these funds or is that something the CDA would be able to assist with?

This project is designed to be supportive of developers that are interested in developing single family homes at affordable prices. Reasonable unexpected conditions will be approached in a cooperative manner between Successful Respondent, LISC, and CDA.

25. What price must the home be sold for?

\$101,850

26. Are you confident that the vacant lots identified will meet the zoning requirements with the house design?

All lots will be at least 30 feet wide to allow for the design included in the RFP. All lots are zoned to allow for single family use.

27. Are there land costs for the developers?

Respondent's should include a land cost of \$1,000 in their project budget.

28. *Is the down payment assistance guaranteed for any of the buyers of these houses or there are requirements to meet?*

Separately, LISC, CDA and other allies are working on downpayment assistance. Successful Respondents are not responsible for down payment assistance, but must meet the sale price of \$101,850.

29. *Is there any consideration given to net-zero improvements that may increase cost but lower homeowner effective monthly cost?*

Net-zero homes are encouraged, but not a requirement of this RFP. Respondents should not include increased capital expenses related to net-zero improvements in the response. Post-award, if Successful Respondents would like to add net-zero improvements paid through other resources, they are encouraged to do so.

30. *Could we potentially sell to an in-home family child care provider?*

Yes.

31. *Return of investment? Numbers you estimated leave none. (100,000 building cost, 90,000 ARPA fund, \$100,000 sale price leaves none?)*

In the sample budget provided in Exhibit D the \$191,850 cost includes a return (i.e. Developer Fee) of \$15,540. This number is likely to be different for every Respondent and should be included in the submitted project budget.

32. *Taking into consideration the difficulty of working in these neighborhoods should developers include a security plan within their budget or are their resources in place?*

All costs for the project are the responsibility of Successful respondent and should be included in the project budget. There are not separate resources for project expenses outside of the award of funds related to this RFP.

33. *Is there a minimum number of homes that can be included in proposal?*

Yes. All proposals should be in increments of 10 (e.g. 10, 20, 30, etc.). Consequently, the minimum number of homes that should be included in a proposal is 10.