



**City of Moreno Valley
Request for Qualifications
Single-Family Residential Acquisition,
Rehabilitation, and Resale Program**

February 7, 2012

**INVITATION
Request for Qualifications #:NSP3-SFR-ARR**

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The City of Moreno Valley is soliciting Statements of Qualifications from qualified firms to provide Single-Family Residential Acquisition, Rehabilitation, and Resale services. This Request For Qualifications (RFQ) describes the services needed, requirements for submission of Statements of Qualifications, and the format to be followed. Statements submitted in response to the RFQ **must** meet all of the City's requirements as specified in the RFQ document to be eligible for consideration.

Documents for the RFQ may be obtained as follows:

A. In person:

RFQ documents may be obtained in person from the Economic Development Department, Neighborhood Preservation Division; located at 14177 Frederick St., Moreno Valley, CA 92553.

B. To request delivery of documents:

Documents will be sent via Federal Express for a shipping cost of \$10.00. You may call 951-413-3450 to request delivery, email your request NP@moval.org or fax it to 951-413-3459. Please address all mailed requests for delivery to Amy Nesmith at:

City of Moreno Valley,
Community & Economic Development Department / Neighborhood
Preservation Division
PO Box 88005
Moreno Valley, CA 92552-0805

All questions regarding the content of the Request For Qualifications must be directed to: Shaniqua Freeman, Housing Program Coordinator, City of Moreno Valley, CA. Phone: (951) 413-3450 or Email: shaniquaf@moval.org.

Sealed proposals must be received before 1:00 p.m. on February 21, 2012 at the Economic Development Department, Neighborhood Preservation Division, located at: 14177 Frederick St., Moreno Valley, CA 92553. All proposals **must** be delivered in a sealed envelope with the RFQ number, due date, time and the Company Name typed on the outside of the envelope.



Dante G. Hall
Redevelopment and Neighborhood Programs Administrator

2/7/12

Date

INTRODUCTION

The City of Moreno Valley is seeking qualified companies ("Development Partners") with extensive experience in the acquisition, rehabilitation and resale of single-family housing to partner with the City of Moreno Valley's Single-Family Acquisition, Rehabilitation & Resale ("SFR-ARR") program. The SFR-ARR program is one component of the City of Moreno Valley's strategy to stabilize rising foreclosures in the community. Funding for the SFR-ARR program will come from the Neighborhood Stabilization Program - Round III, ("NSP 3"), which was enacted by the United States Housing and Urban Development Department ("HUD") as part of the Housing & Economic Recovery Act of 2008.

The City of Moreno Valley has been awarded NSP 3 funds totaling \$3,687,789 and will utilize the majority of this amount to help acquire, rehabilitate and provide homebuyer assistance with foreclosed and vacant residential properties with Development Partners selected through this and other Request For Qualification ("RFQ") processes.

INVITATION - You are invited to submit a Statement of Qualifications for the role of:

SINGLE-FAMILY HOUSING DEVELOPMENT PARTNER

PROGRAM DESCRIPTION

In general, the Development Partners will be responsible for the rehabilitation, asset management, and resale single-family residential properties to eligible homebuyers. The following are the primary guidelines of the Moreno Valley SFR-ARR program:

- **ACQUISITION:** Using NSP funds, the City will assist selected Single-Family Development Partners ("Development Partners") by providing all financing for the acquisition of the foreclosed, vacant single-family units. The City of Moreno Valley will acquire foreclosed homes and then bid these homes to Development Partners. The Development Partners will acquire foreclosed homes by submitting a proposal that includes the cost to acquire, rehabilitate and sell the property. The proposal will include the post-rehabilitation resale value of the house. A development agreement will be entered into between the Development Partner and the City. All acquisitions will require a concurrent escrow with the City of Moreno Valley and the selected Development Partner. Transferring the property title to a private party, with the exception of an income-qualified homebuyer, is prohibited.
- **DISCOUNT:** In accordance with NSP requirements, all foreclosure acquisitions must be purchased at a minimum of 1% below the HUD-certified appraised value of the property. To ensure the property meets the discount requirement, appraisals must be completed within 10 days - or within the predetermined feasibility period provided by the selling bank - of the acceptance of the offer. As a requirement of the City of

Moreno Valley, the property being acquired must be **both** foreclosed and vacant; the acquisition of short sales will not be permitted.

- **OWNERSHIP:** The City of Moreno Valley will acquire foreclosed homes and then transfer them through a concurrent escrow to the selected Development Partner. Rehabilitated properties will be resold to homebuyers who are at or below moderate-income (<120% of Riverside County area median income). All homebuyers must obtain a low-risk home mortgage loan; attend a homebuyer education course with a HUD certified counseling agency; meet income limits and housing costs eligibility standards, as established by the City of Moreno Valley; and remain an owner-occupant.
- **REHABILITATION:** The Development Partners will evaluate the condition of the property and prepare a Scope of Work, which must receive City approval prior to close of escrow. The rehabilitation Scope of Work must meet the City's Building Code and Housing Quality Standards (HQS).
- **AFFORDABILITY:** The properties can only be resold to homebuyers who are at or below moderate-income (120% of Riverside County area median income). Pursuant to NSP3 Program guidelines, homebuyers will be required to have an affordability covenant recorded against the property.
- **FINANCING:** The City will pay for the purchase of the selected properties and will immediately transfer title to the Development Partner. The City will provide all financing for the acquisition and rehabilitation. The total project costs (acquisition and rehabilitation) become a loan ("ARR Loan") to the Development Partner that will be secured by a deed of trust on the property. ARR Loans will be made until funds are exhausted. The terms of the ARR Loans will be 0% interest, \$0 fee, for the first 180 days, after which the loan will accrue simple interest at 10%.
- **CAPACITY:** Development Partners will not be allowed to hold title to more than fifteen SFR-ARR properties at any given time. If this limit is reached, a Development Partner must sell rehabilitated properties to be eligible to purchase additional SFR-ARR properties. The capacity is not be construed as a commitment by the City. The City reserves the right to assign the number of properties to each Development Partner at the City's discretion.
- **COMPENSATION:** The Development Partner will be entitled to a rehabilitation fee based upon the cost of rehabilitation. Reasonable asset management fees can also be included.

DEVELOPMENT PARTNER MINIMUM QUALIFICATIONS

The City of Moreno Valley would prefer to partner with companies that are fully integrated in all areas of real estate development including construction, asset management, and real estate sales. However, applicants who must "partner" with another company to fulfill the minimum qualifications are also encouraged to apply, but must demonstrate the cooperative ability to provide the minimum qualifications. Preference will be given to applicants that meet the following:

1. Minimum of five (5) years of real estate experience in acquiring and selling owner-occupied properties for development / redevelopment. This experience includes negotiating directly with sellers to acquire property; negotiating directly with buyers to sell property; listing, marketing and placing properties on the Multiple Listing Service; and, having a California real estate broker license in good standing. Within these five (5) years the company must have purchased and sold a minimum of 40 homes.
2. Minimum of five (5) years experience with rehabilitation and construction of single-family properties. This experience includes evaluating property conditions, identifying building code violations, including illegal room additions and conversions, preparing a written rehabilitation scope of work, determining rehabilitation costs; preparing building plans, obtaining required building permits and inspections, and having a California general contractor license in good standing. Within the past five (5) years the company must have been directly involved in rehabilitating a minimum of 20 properties.
3. Minimum of five (5) years experience in asset management including maintaining and securing properties.
4. Within the last ten (10) years, the company must have experience working with local governments in rehabilitating or constructing new single-family residential property. This experience includes a clear understanding of the government program regulations.
5. Development Partners will be required to have an understanding of and ability to work with the Neighborhood Stabilization Program federal regulations and the ARR program guidelines. Experience with other NSP Programs is preferred.

NSP REGULATIONS AND ARR PROGRAM GUIDELINES

All companies participating with the City of Moreno Valley will be expected to adhere to the SFR-ARR program guidelines and a Development Partner Agreement. The City reserves the right at any time to acquire, rehabilitate, sell, and/or conduct asset management with or without the assistance of any company participating in the SFR-ARR program. All selected companies are also required to comply with all regulations per NSP.

SUBMISSION REQUIREMENTS

1. "ITEMS FOR RESPONSE" (see below) will be the basis and outline for your response to this RFQ. Responses should follow the sequence indicated. If you cannot respond to any item, please indicate the reason.
2. Seven (7) copies of the Statement of Qualifications must be submitted (one of the copies shall be unbound and paper clipped, suitable for copying with an automatic-feed copy machine and one copy shall be on compact disk).
3. Submit proposals in a sealed envelope labeled with the words "ARR Program."
4. Only completed responses to this RFQ will be considered.
5. Each proposal submitted should include a cover letter and must be signed by an authorized representative of the company or organization.

PROPOSAL SUBMITTED

All proposals **must** be delivered in a sealed envelope with the **RFQ #NSP3-SFR-ARR**, due date, time and the Company Name typed on the outside of the envelope. Statements of Qualifications shall be received at the following address no later than 1:00 p.m., February 21, 2012:

City of Moreno Valley
Economic Development Department / Neighborhood Preservation Division
14177 Frederick Street (hand delivery)
P.O. Box 88005 (by mail),
Moreno Valley, California 92552-0805
Attention: Shanikqua Freeman, Housing Program Coordinator

SELECTION PROCESS

The SFR-ARR program will require the selected Development Partners to participate in a review process. All proposals received will be first reviewed by City staff to ensure compliance with all minimum qualifications per the ARR guidelines. Proposals that meet all of the qualification requirements and demonstrate the applicant's extensive experience in real estate acquisitions, rehabilitation, property management, and financing will be invited to a Review Panel interview. The Review Panel will review all qualified proposals and make recommendations to the City Manager regarding the Development Partners to retain. The recommendations will require approval of the City Council. The City retains the right to contract with one or more Development Partners. The goal is to retain three (3) Development Partners to participate in the SFR-ARR Program. Depending on the number of qualified bidders, the City may establish a waiting list for future consideration.

ANTICIPATED SCHEDULE

Issuance of RFQ:	February 7, 2012
Completed RFQ Due:	February 21, 2012 at 1:00 p.m.
RFQ Review completed:	end of week of February 27, 2012
Notification Mailed:	end of week of February 27, 2012
DP Agreement Orientation:	March 8, 2012
Executed DP Agreements returned to City:	March 22, 2012
City Council Meeting for Approval:	April 24, 2012

AGENCY DISCRETION, NON-LIABILITY WAIVERS AND HOLD HARMLESS

The information in this RFQ is intended to provide general information regarding the SFR-ARR program. This information is not intended or warranted to be a complete statement of all of the information the company might ultimately be required to submit.

This RFQ does not commit the City of Moreno Valley to pay any costs incurred in the preparation of a response. The City reserves the right to accept or reject any proposal in part or in its entirety. The City reserves the right to choose any number of qualified finalists. In addition, the City reserves the right to issue written notice to all participants of any changes in the proposal submission schedule or other schedules, should the City determine, at its sole and absolute discretion, that such changes are necessary. The proposing entity, by submitting a response to this RFQ, waives all rights to protest or seek any legal remedies whatsoever regarding any aspect of this RFQ.

Any general questions regarding the program and RFQ should be directed to:

Shaniqua Freeman
Housing Program Coordinator
shaniquaf@moval.org or (951) 951-413-3445
or you may call the Neighborhood Preservation Division for assistance at
(951) 413-3450

ITEMS FOR RESPONSE

(Responses should follow the structure outlined below)

1. PROGRAM UNDERSTANDING

This section should convey clear understanding of the nature of the work and identify any major program issues, plus any proposed solutions therefore, from both the Development Partner and any sub-developers.

2. BUSINESS STRUCTURE:

- a. Provide a description and an organizational chart of the company / team (including identification of sub-developers and team relationships). This includes when it was created, the company mission, company accomplishments, and why the company is interested in being involved in the ARR program. Please include resumes of all key individuals.
- b. Include a discussion of the firm/team's approach for completing the services required for this project within budget and schedule.
- c. Provide a copy of your Workers Comp and Liability Insurance indicating the limits, carrier and expiration date. A combined single limit policy with aggregate limits in the amount of \$2,000,000 is required. The City's insurance requirements are detailed in the attached Development Agreement.

3. APPROACH AND MANAGEMENT PLAN

- a. Provide a brief summary with the proposed approach and management plan for providing services.
- b. Include an organization chart showing proposed relationship among developer team/staff as well as any other parties that may have significant role in the delivery of this project. Please include resumes of all key individuals. Discuss the staffing plan and workload (both current and anticipated) for all key team members, plus their capacity to perform the requested services according to the proposed schedule.

4. WORK PLAN AND SCHEDULE

Include a description of how each task of a rehabilitation project will be conducted, identification of deliverables for each task, and an implementation schedule. The work plan should include sufficient detail to demonstrate a clear understanding of the project. Discuss the Develop Partner's approach for completing the project.

5. REAL ESTATE EXPERIENCE

- a. Provide a description of the company's real estate experience in acquiring single-family properties for development / redevelopment over the last 5 years. This experience should include negotiating directly with sellers to acquire property; negotiating directly with buyers to sell property; listing, marketing and placing property on the realtors' Multiple Listing Service. Include references.
- b. Provide a copy of the company's California real estate broker license in good standing.
- c. Provide a list of at least 40 properties that your company has directly acquired and sold in the last 5 years. Include the address in the list.
- d. Provide a description of how you plan to market homes for sale in difficult neighborhoods and a tough housing market.

6. REHABILITATION/CONSTRUCTION EXPERIENCE

- a. Provide a description of your experience in the rehabilitation and/or construction of residential housing in the last 5 years. Your description should include how you evaluate property conditions, identify building code violations, prepare a written rehabilitation scope of work; determine rehabilitation costs, prepare building plans, and obtain required building permits and inspections. Include references.
- b. Provide a sample scope of work document from one of your actual properties.
- c. Provide a copy of the company's California general contractor's license in good standing.
- d. Provide addresses of at least 20 properties that required major rehabilitation and/or construction by the company in the last 5 years. Include before and after photos of a few of the best properties.
- e. Do you agree to provide a one-year customer service warranty on your rehabilitation work for the eventual homebuyer?
- f. Disclose any cities that have already selected, or are considering, the company for participation in a similar ARR-NSP program.
- g. If all of the cities mentioned above approved your company for participation, how many properties could your company realistically commit to rehabilitating in the next twelve months in the City of Moreno Valley?

7. ASSET MANAGEMENT EXPERIENCE

- a. Provide a description of your experience in property asset management of in the in the last 5 years. Include a list of properties that you managed.
- b. Provide a description of how your company plans to maintain and secure the properties throughout the entire process, including during the construction period and after rehabilitation is completed but while the property waits for the tenants to move-in.

8. FINANCING

- a. Provide your organization's most recent financial statement.
- b. If the SFR-ARR program is very active, the acquisition and rehabilitation financing provided by the City will be exhausted. What are your existing financial sources for acquisition funds? Please include company, financial limits, contact person, address, and phone information.

9. EXPERIENCE WORKING WITH GOVERNMENTS

- a. Provide a brief description of your experience in the last 10 years in working with local governments in rehabilitating or constructing new residential property. Demonstrate that this experience includes understanding the government regulations in program administration and the various funding sources.
- b. Provide a list of government agencies (including reference contacts) with whom you have you have worked.