

FREQUENTLY ASKED QUESTIONS AND ANSWERS FOR RFPs (updated 9/24/2019)

HOME OWNERSHIP RFP

Q: How long after the award is made does the awardee have to finish the project?

A: The restrictions are dependent on the funding source and the required terms of the City Development Agreement. Workforce Housing Trust Funds do not specifically limit the amount of time to finish a project, but will be stipulated in the Development Agreement based on a reasonable construction schedule. However, HOME funds have specific requirements (24 CFR Part 92), where HOME projects must be completed within 4 years of commitment and homebuyer units must have a ratified sales contract within 9 months of construction.

Q: Can the non-profit partner with a commercial developer on this project? If yes, are there any restrictions?

A: Yes. The non-profit is the entity that the City will contract with and must remain the managing member of any subsequent partnership created for the project.

Q: Do you have a PDF of an ALTA survey and a TOPO that you can send to me of the tracts listed in the RFP?

A: Yes. Once available, it will be posted to the RFP website.

Q: While reviewing the single family home ownership RFP, we couldn't find information's referring to "Rent to Own", so is rent to own concept with utilizing tax credit funds an acceptable response to this RFP?

A: Yes. Although not specifically mentioned, Lease-purchase is one specific method of promoting occupancy of a single-family homeownership project. While such a concept may be an eligible use of HOME Investment Partnerships funds or Workforce Housing Trust Funds, it is up to the developer to provide enough detail to illustrate that such a project conforms to the applicable regulations.

Q: What are the primary and secondary assessment tools and data?

A: Application, Ranking Matrix, and supporting documentation to justify written explanation.

Q: Please provide the City Mortgage form that contains the "City Resale or Recapture provisions"

A: See attached sample. Resale and Recapture are HUD-defined terms associated with subsequent sale of a home, following the first home buyer. Please see pgs. 57-58 of:

<https://files.hudexchange.info/resources/documents/HOME-CDBGGuidebook.pdf>

Q: Please define "Affordability Period" and in what document is it defined.

**A: Affordability Period is a HUD-defined term associated with the length of time that a unit or project must remain affordable. Please see pg. 16 of:
<https://files.hudexchange.info/resources/documents/HOME-CDBGGuidebook.pdf>**

Q: Are you requiring the respondent to assume an ongoing, administrative obligation, to deal with a default of a City soft second mortgage?

A: No. City mortgages are serviced by the New Mexico Mortgage Finance Authority.

Q: Does the CDBG in the land Acquisition trigger Davis Bacon Requirements?

A: No. Davis-Bacon wage rates apply when CDBG funds pay in whole or in part for any direct cost of construction and the construction meets one of the following thresholds:

Residential: property has more than 8 units

Non Residential: Any construction work valued at more than \$2,000

Certain CDBG activities or soft costs such as real property acquisition or architectural and engineering fees do not trigger Davis-Bacon requirements. There are instances when CDBG funds are used for demolition to make way for related non-federal assisted construction. Davis-Bacon would not apply to the construction if the demolition is done under separate contract by the grantee or its contractor before transfer of land to the developer. Davis-Bacon would apply to the construction if the demolition was contracted by the same entity (developer, contractor, etc.) doing the private construction and will be carried out while the contracting entity controls the site.

However, if HOME funds are used towards construction of 12 or more HOME-assisted units, Davis Bacon requirements would apply.

Q: O-19-62 amended the Workforce Housing Opportunity Act. One of the amendments caps home ownership assistance to \$20,000 (Section 14-9-6 (C)). This cap appears to only apply to projects assisted with Workforce Housing Trust Funds. Please confirm this understanding.

A: The \$20,000 cap is only a requirement for Workforce Housing.

Q: There are numerous instances in the RFP where responses depend on the types of funds going into the project. There are some significant differences between whether HOME or WFHTF are in the project. Is it correct to assume that questions that relate only to WFHTF are irrelevant?

A: Mostly correct. Most RFPs that are released have both funding sources available. This only provides for federal funds. However, all questions should be addressed to ensure a complete application.

Q: CDBG funds (R-18-30/\$1,800,000) was used to purchase the property. Does the City expect the funds to be prorated across all the home sites, whether or not the unit is designated as affordable? Is the value, per lot, considered a "gift" to the project and not subject to a second mortgage on the property?

A: The City acquired the real property for \$1,439,000 (appraised value). Those CDBG funds require that at least 51% of the units are affordable at or below 80% AMI. It is up to the developer to decide how to prorate each unit. However, it is anticipated that only the affordable units will carry a second mortgage on the property, as the market rate units would not be subsidized.

Q: Assuming the HOME funds are not used for construction please confirm the project is not subject to Davis Bacon requirements.

A: Correct. Davis-Bacon wage rates apply when CDBG funds pay in whole or in part for any direct cost of construction. Therefore, if no HOME funds are requested, Davis Bacon wage rates are not required by the CDBG acquisition.

Q: There are some financial forms in the Appendices that relate to "operating costs". Is it reasonable to omit these forms from the proposal or would the city prefer their inclusion with the statement "not applicable"?

A: It is always best to address all aspects even if a N/A to ensure that a complete application is submitted.

Q: The Ranking Matrix appears slanted towards projects funded by WFHTF. There are also a significant number of points for projects being developed in Investment, MRA and Infill areas. Since this project is not located in any of these areas is it safe to assume that these points will not be a factor in scoring the proposal?

A: All aspects should be addressed. If points are unattainable due to the site, then all respondents should be scored equally based on the answers to those site specific questions.