



REQUEST FOR PROPOSAL¹

INTERMEDIARY SERVICES FOR THE NEIGHBORHOOD STABILIZATION PROGRAM (Housing Rehabilitation, Management, Marketing and Sale) FEBRUARY 2009

City of San Bernardino
Economic Development Agency

(RFP NO. NSP-003)

City of San Bernardino Economic Development Agency
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www.sbrda.org

¹ Sí necesita más información sobre este anuncio, favor de comunicarse con Fernando Portillo, al número (909) 963-5019.

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I. INTRODUCTION

A. Background

In response to the national rise in subprime mortgage foreclosures and the significant costs that foreclosures impose on local municipalities and neighboring homeowners, Congress authorized \$3.92 billion for the redevelopment of abandoned and foreclosed residential properties under Title III of the Housing and Economic Recovery Act of 2008 (HERA). The funds are administered by the United States Department Housing and Urban Development (HUD) under a new entitlement grant program referred to as the Neighborhood Stabilization Program (NSP). Under the NSP, the City of San Bernardino ("San Bernardino" or "City") was allocated \$8.4 million.

The City of San Bernardino Economic Development Agency (Agency) has planned for \$3,700,000 of the NSP funds to be allocated for the acquisition and rehabilitation of single-family homes through participating intermediaries, such as builder/developer contractors (EDA Intermediary Program). It is anticipated that the NSP funds allocated under this component will eventually attract an additional \$18,500,000 in private first trust deed capital. Property acquisitions under this program will be at a discount of at least 15% from the current market-appraised value of the property. Upon rehabilitation, the homes will be made available for purchase to qualifying households whose incomes do not exceed 120% of AMI (the Area Median Income for San Bernardino County per the State of California Community Redevelopment Law).

Due to the high foreclosure rate of homes throughout San Bernardino, the Agency originally intended to acquire and rehabilitate units from all areas of the City using NSP funds. However, upon further instruction from HUD, it was determined that NSP funds needed to be focused upon those City areas most impacted by foreclosures. In accordance with HUD guidelines, the Agency studied the number of subprime mortgages, the risk of foreclosure and abandonment, and the 18-month foreclosure rate for all census tracts within the City. Those census tracts most negatively impacted by these three factors were identified for possible targeting under the NSP. The findings from this analysis indicate that certain census block tracts primarily within Wards 1, 2 and 6 of the City (the NSP Target Zone) are those most negatively impacted by the foreclosure crisis. Consequently, under the EDA Intermediary Program only homes from the NSP Target Zone will be acquired and rehabilitated using NSP funds (Please see Exhibit A for a map of these areas).

The EDA Intermediary Program, however, will not be limited to just the NSP Target Zone. This program will be made available to all areas of the City, with the exception that those areas falling outside the NSP Target Zone will be funded from sources other than NSP funds, such as the Agency's tax increment housing set-aside. For these areas, preference will be given to those homes located in areas that are not included in the NSP Target Zone, primarily Wards 3, 4, 5 and 7 (Please see Exhibit B for a map of those areas eligible outside the NSP Target Zone).

The role of the Intermediaries will differ for properties situated within the NSP Target Zone versus those located outside. One of the main differences will be that selected Intermediaries will be responsible for acquiring and holding foreclosed homes located outside the NSP Target Zone, whereas inside the NSP Target Zone, the Agency shall acquire the properties and hold them until resale. This means that for homes located outside the NSP Target Zone, Intermediaries have to be prepared to identify their own source of acquisition financing. (At this time it has not yet been determined whether the Agency will

provide acquisition financing for these properties.) Another important difference is that Intermediaries can select the properties which they acquire and rehabilitate outside the NSP Target Zone, but in doing so the Intermediary will have to ensure that these properties satisfy the Agency's requirements, while at the same time provide for an economically viable return when taking into consideration acquisition, rehabilitation, holding and selling costs.

The differences for homes located within the NSP Target Zone and those outside will also extend to how the Intermediary fee or profit is calculated, how the sale price of the home will be determined and requirements for the homes to be selected. These differences are primarily due to the requirements of the funding sources used for each respective area. The specific details of the EDA Intermediary Program as it applies to homes located within and outside the NSP Target Zone are delineated in Sections IV.A. and B. of this RFP.

B. Purpose of RFP

The purpose of this RFP is to select a **pool of qualified Builder/Developers** or other development entities to act as intermediaries (Intermediaries) that will manage, maintain, rehabilitate and resell previously foreclosed single-family residences (Sites) to homebuyers that qualify under the NSP. *Intermediaries shall be those entities that satisfy the requirements listed in Section V.A. of this RFP and are selected by the Agency as a result of this RFP process.* The selected Intermediaries will be invited to submit proposals for rehabilitating, managing, marketing and reselling the Sites. These Intermediaries will be responsible for managing the Sites from the moment they enter into a contract with the Agency until they resell to a Qualified Homebuyer (a household whose total income does not exceed 120% AMI and has satisfactorily passed an Agency approved homeownership education course).

The Intermediaries' duties shall include but not be limited to securing the property, maintaining utilities service, establishing a scope of work, finalizing a budget and a project timeline, conducting weekly on-site project inspections, managing relationships with all sub-contractors, verifying permits and city compliance, administering lien releases, advertising the homes for sale through various local media, conducting mass mailings targeted at potential homebuyers, partnering with Neighborhood Housing Services of the Inland Empire (NHSIE) to ensure that the prospective Qualified Homebuyer attends an Agency approved homebuyer education course, identifying the prospective Qualified Homebuyers, processing the homebuyer application, coordinating quick close of escrow, expediting lender requirements, managing file for property and lender compliances, adhering to 91 days FHA resale rules.

The selected Intermediaries will also need to purchase all labor and materials required for the rehabilitation work. The Intermediaries will be reimbursed from the home sale proceeds based on a proposal that is approved by the Agency prior to the start of construction. Construction loan interest costs and origination fees shall also be reimbursed by the Agency at the close of sale, subject to pre-established Agency maximum rates. Prior to receiving payment or funding from the Agency, Intermediaries will be required to demonstrate and guarantee that the Site is free of any mechanic's liens and/or other encumbrances.

As mentioned previously, in the case of residences that fall outside the NSP Target Zone, the Intermediary will also be responsible for identifying, acquiring and holding the residences until resold to a Qualified Homebuyer.

C. Period of Contract

The Intermediaries selected under this RFP shall be part of a pool which the Agency will rely upon to provide property management, rehabilitation and sales services for the homes identified to participate in this program. The term of the Intermediary contract(s) resulting from this RFP shall commence when the Agency executes the Master Intermediary Agreement (Agreement) and shall continue until two years after the execution date, with an Agency option to extend the Agreement for three one-year terms. The Agency estimates that the term of the Agreement will commence on or about May 21, 2009.

D. Eligible Proposers

1. Proposals will be accepted from nonprofit Developers, for-profit Developers, General Contractors or joint ventures/partnerships of any of these entities.
2. The Proposer must not have violated affordability/regulatory agreements of the City, the Agency, or other housing agencies, nor have a record of discriminatory practices for at least the past five (5) years.
3. The Proposal must include Intermediary team members with a successful track record in managing, maintaining, rehabilitating, marketing and selling single-family residences (not to exceed four units and multi-family residences not to exceed 12 units). Previous rehabilitation projects must be comparable, as determined by the Agency in its sole discretion, to the proposed projects. Proposers must demonstrate the ability to develop the housing without relying on the Agency staff support.
4. Proposals may be withheld from recommendation by the Interim Executive Director of the Agency to the Commission for consideration, in the event any party of the application is currently in arrears or delinquent in payment of any debt to the San Bernardino Economic Development Agency or is deemed to be in noncompliance with any requirements of the Agency agreements.
5. The Agency retains sole discretion to approve or reject Proposers based on past performance.

E. Proposers Conference and Technical Questions

All potential respondents are encouraged to attend the Proposers Conference which will be held on March 4, 2009 at 2:00 p.m. at the Agency's offices at 201 N. "E" Street, Suite 301, San Bernardino, CA 92401

Technical assistance questions should be directed to Fernando Portillo at (909) 963-5019 and must be received by March 13, 2009. No further questions will be answered after this date.

Copies of the RFP may be obtained from Fernando Portillo at (909) 963-5019 or via the Economic Development Agency of the City of San Bernardino website at www.sbrda.org.

F. **Deadline**

The Agency must receive all proposals by 4:00 p.m., March 20, 2009. Proposals received after 4:00 p.m., March 20, 2009, will not be accepted. Only hand-delivered proposals will be accepted. Proposers may use messenger services or other express carriers to deliver their proposal, regular U.S. mail service is not allowed; however, it is the sole responsibility of the Proposer to ensure that proposals are submitted on time.

The original, with “ORIGINAL” on the cover page and four (4) copies clearly marked “COPY” must be submitted to:

REQUEST FOR PROPOSALS
“Response to Intermediary RFP – Do Not Open With Regular Mail”
Carey K. Jenkins, Director of Housing and Community Development
c/o Fernando Portillo
Economic Development Agency of the City of San Bernardino
201 North “E” Street, Suite 301
San Bernardino, CA 92401-1507

Acceptance of a proposal does not constitute a contract or commitment of any kind, nor does it obligate the Agency to award funds or to make a commitment of any kind.

Copies of the RFP may be obtained from Fernando Portillo at (909) 963-5019 or via the Economic Development Agency of the City of San Bernardino website at www.sbrda.org.

II. **RFP TIMELINE**

The timeline for this RFP is as follows:

- | | |
|---------------------------|--------------------------------------|
| • February 20, 2009 | Date of Issuance |
| • March 4, 2009 | Non-mandatory Proposer’s Conference |
| • March 13, 2009 | Last day for Submission of Questions |
| • March 20, 2009 | Proposals due to the Agency |
| • March 23 – 25, 2009 | Threshold Review |
| • March 27 – 31, 2009 | Proposals scored |
| • April 2 – April 6, 2009 | Finalists Interviewed |
| • April 8 -- 9, 2009 | Selected Intermediaries Notified |

This timeline is an estimate and subject to change.

III. RFP CONDITIONS

Contingencies

This RFP does not commit the Agency to award a contract. The Agency reserves the right to accept or reject any or all proposals if the Agency determines it is in the best interest of the Agency to do so. The Agency will notify all Proposers, in writing, if the Agency rejects all proposals or cancels the RFP.

Modifications

The Agency reserves the right to issue addenda or amendments to this RFP.

Negotiations

The Agency may require the Intermediaries selected to participate in negotiations and to submit a price, technical or other revisions of their proposal as may result from negotiations.

Proposal Submission

To be considered, all proposals must be submitted in the manner set forth in this RFP. It is the Proposer's responsibility to ensure that its proposal arrives on or before the deadline as set forth in Section II.

Incurred Costs

This RFP does not commit the Agency to pay any costs incurred in the preparation of a proposal in response to this RFP and each Proposer agrees that all costs incurred in developing their respective proposals are the Proposer's responsibility.

IV. SCOPE OF PROGRAM

A. Program Guidelines for Sites Located Inside the NSP Target Zone

Site Identification and Acquisition

Sites located within the NSP Target Zone will be selected and acquired by the Agency. These Sites will be acquired by the Agency utilizing NSP funds, and they will be held by the Agency until they are resold to the Qualified Homebuyer.

Properties acquired in the NSP Target Zone must be single-family residences that can be purchased at a discount of at least 15% from the current appraised market value of the property. These houses must be in such condition that the cost to rehabilitate them and bring them within compliance of all applicable building and health and safety codes is not prohibitive. In essence, the total development cost of the property, including acquisition and holding costs, should be recovered from the proceeds upon resale to a Qualified Homebuyer in accordance with the definition of Unit Sale Price described below. The Agency will identify the Sites that are located within the NSP Target Zone. However, if the Intermediary elects to identify its own properties within the NSP Target Zone, then it must ensure that the above mentioned requirements can be satisfied. The Agency would then agree to buy and hold title to the home. The Intermediary that identified the home would have exclusive rights to rehabilitate and resell the property on behalf of the Agency.

Funding Availability and Conditions

It will be the responsibility of the Intermediary to fund the rehabilitation costs of the Sites. Upon resale of the Sites the Intermediaries will be reimbursed for all of their rehabilitation and financing costs, subject to Agency approval.

All or a portion of the Agency equity in the Sites may be applied to the Qualified Homebuyer's permanent financing for the Affordable Units in the form of Second Trust Deed mortgages (NSP Subordinate Financing), which will be subordinate to the Qualified Homebuyer's privately obtained First Trust Deed mortgage.

The NSP Subordinate Financing shall only be made available to households whose total income is less than or equal to 120% of the Area Median Income (AMI) adjusted for household size according to California Community Redevelopment Law as determined by the California Department of Housing and Community Development. The term of the Agency's subordinate loans shall be for 45 years with a simple, non-compounded interest rate of 3%. The interest on the Agency's subordinate loans shall be deferred and accrued only up until the 10th year of occupancy. After the 10th year, interest will stop accruing, and it as well as the loan principal will be reduced gradually for each year of occupancy thereafter up until the 45th year. The Agency's affordability covenants shall run with the land for a period of 45 years. The limit for Agency Down Payment Assistance applied to any single affordable unit is 20% of the final unit sale price as defined below.

Intermediary Fee Calculation

For all Sites located within the NSP Target Zone, the Intermediary compensation shall be derived from four different fees. As part of their Proposal, Proposers need to indicate the maximum amount that they would charge under each fee category if they were contracted by the Agency to manage, rehabilitate and resell a house such as the one shown and described in Exhibit C. The Proposer will have an opportunity to indicate these amounts when filling out Exhibit D. The amount quoted by the Proposer for these fees will be taken into consideration in evaluating their Proposal.

1. **Property Management Fee:** The first fee compensates the Intermediary for maintaining and managing the Site from the time that the Intermediary enters into a contract with the Agency until the point of resale. Proposers are required to charge the same one-time, standard Property Management Fee for all of the Sites that they are contracted to manage.
2. **General Contractor Fee/Overhead:** The General Contractor Fee and Overhead shall be based on a standard percentage of the total rehabilitation cost for the proposed scope of work. The definition of total rehabilitation cost shall include all the labor and materials needed to complete the scope of work identified in the Intermediary's original estimate and approved by the Agency.

The Intermediary's financing costs shall not be included in the total rehabilitation cost. Rather, the Intermediary will be reimbursed for these costs from the sale proceeds of the Site.

3. **Homebuyer Qualification Fee:** This fee compensates the Intermediary for the services they provide in educating the homebuyer with respect to the qualifying process and actually collecting and reviewing all of the application documents from the prospective homebuyers to ensure that the applicants satisfy the Agency's requirements for purchasing a home. The Agency requires that the same standard fee be charged for each Site sold.
4. **Sales Commission Fee:** Finally, the Intermediary also collects a sales commission upon resale of each of the Sites. The Proposer will be required to indicate in their proposal the maximum sales commission fee that they will charge based on a percentage of the final sales price to the Qualified Homebuyer.

All of the above fees will be paid in one payment upon resale of the home.

Please refer to Exhibit D, attached herewith, for the spreadsheet format that the Proposer will be required to use in presenting the above fees.

Unit Sale Price

The sales price to the Qualified Homebuyer for Sites located within the NSP Target Zone shall be equal to the lower of the total development cost of the Site, including acquisition and holding costs, or the market value of the home after rehabilitation.

B. Program Guidelines for Sites Located Outside the NSP Target Zone

Site Identification and Acquisition

Sites located outside of the NSP Target Zone will be identified by the Intermediary. These Sites will be required to be foreclosed and they must be located within the approved areas (please see Exhibit B for a map of these areas). Prior to acquiring the Site, the Intermediary will have to submit to the Agency a pro-forma such as the one shown in Exhibit D demonstrating the projected costs and profit for the Site, and the Intermediary must obtain approval from the Agency. Preference will be given to Sites located in Wards not specifically targeted in the NSP Target Zone. This would include Wards 3, 4, 5 and 7. These Sites must be sold to households whose income is at or below 120% AMI for San Bernardino County according to California Community Redevelopment Law as determined by the California Department of Housing and Community Development.

Funding Availability and Conditions

The Intermediary will be required to obtain its own acquisition financing either from its own resources or a third party lender. If necessary, the Agency will provide down payment assistance to the Qualified Homebuyer upon resale of the Site in the form of a second trust deed loan (Agency Down Payment Assistance). As stated previously, funds for the Agency Down Payment Assistance will be derived from a source other than NSP funds, most likely Agency housing set-aside funds. The Agency Down Payment Assistance will be subordinate to the Qualified Homebuyer's privately obtained First Trust Deed mortgage, and it will be placed into escrow at the time of sale.

The Agency Down Payment Assistance shall only be made available to first-time homebuyers whose total household income is less than or equal to 120% of the Area Median Income (AMI) adjusted for household size according to California Community Redevelopment Law as determined by the California Department of Housing and Community Development. The term of the Agency's subordinate loans shall be for 45 years with a simple, non-compounded interest rate of 3%. The interest on the Agency's subordinate loans shall be deferred and accrued only up until the 10th year of occupancy. After the 10th year, interest will stop accruing, and it as well as the loan principal will be reduced gradually for each year of occupancy thereafter up until the 45th year. The Agency's affordability covenants shall run with the land for a period of 45 years. The limit for Agency Down Payment Assistance is as follows:

80% to 120% AMI - up to 20% of the sales price of the Site

Intermediary Fee

The amount of the Intermediary fee for Sites located outside of the NSP Target Zone is determined by the profit that the Intermediary can generate from the sale of the Sites. This profit will be determined by the difference between the Agency approved Unit Price (as described below) and the total development cost of the Site, including the acquisition cost.

Unit Sale Price

Outside the NSP Target Zone the sales price to the Homebuyer will be the lower of the market value of the home after rehabilitation or the combined total cash that the Intermediary can collect from the Agency's approved payment sources. These sources are the Qualified Homebuyer's down payment, the Qualified Homebuyer's first mortgage as approved by a qualified lending institution and the Agency, and the Agency Down Payment Assistance. When calculating the cash amounts derived from these three sources, the Proposer should keep in mind the Agency's limitations on the amount of the Qualified Homebuyer's first mortgage, which are discussed in the following section of this RFP.

The following example illustrates the case where the amount of cash to be collected from the three sources named above is lower than the appraisal value of the Site.

Example:

	Cash To Intermediary	Appraisal Value of Site
Down Payment from Buyer	\$2,000	
Agency Down Payment Asst.	\$38,000	
1 st Mortgage	\$150,000	
Sales Price	\$190,000	\$195,000

In the above example, the sales price to the Qualified Homebuyer would be equal to the maximum amount of cash that the Intermediary can raise from the permitted payment sources for the Site, \$190,000 in this case, because this amount is lower than the appraised value. If the appraisal value of the Site in the above example were instead \$185,000, then the selling price to the Homebuyer would then be \$185,000 because this amount is lower than the \$190,000 that can be raised from the three payment sources.

C. Limitations on the Homebuyer's First Mortgage Loan

For both inside the NSP Target Zone and outside, Agency financial assistance shall only be provided when the first mortgage loan obtained by the Qualified Homebuyer satisfies the Agency's requirements. The first mortgage must be such that the Qualified Homebuyer does not dedicate more than 30% of annual household income to housing expenses, including property taxes, property insurance and mortgage payment. (This is a requirement from the California Community Redevelopment Law and the California Housing and Community Development Department.) Also, the first mortgage must be a fixed rate loan for a term not to exceed 30 years. Interest only or Adjustable Rate Mortgage loans (ARM's) will not be allowed in the EDA Intermediary program. The Agency will only accept first mortgage loans from Agency pre-approved lenders.

For a more detailed description of the Agency's financial assistance programs please refer to the Agency's website at www.sbrda.org and refer to the Agency's "Homebuyer Assistance Program Program Manual".

D. Design and Construction Standards

Rehabilitation activities performed under the EDA Intermediary Program will be conducted in accordance with all local, state and federal codes, statutes and regulations and/or homeowner association, and historic preservation requirements, as applicable, and will comply with California Green Building Standards Code, as incorporated in Part 11 of the California Code of Regulations, Title 24, also known as the California Building Standards Code. Additional consideration will be given for the use of "Green Building" methods (See Section V.B.10. and Exhibit E).

E. Marketing Team and Plan

1. Proposals must include the Intermediary's own marketing staff or a successful marketing agent with a minimum of five years experience in marketing, securing financing for homebuyers, and closing the sale of affordable single-family homes of the type and scale proposed.
2. The Qualified Homebuyer must obtain their First Trust Deed Loan from one of the lenders on the Agency's approved list. Please contact Lisa Connor at (909) 663-1044 or at lconnor@sbrda.org for a listing of these lenders.
3. No co-signors can be used for First Trust Deed loans, except those occupying the property.
4. Interest-rate buy-downs will not be permitted, unless the lowered rate will be available over the entire term of the loan.
5. The marketing plan must include the specific efforts which will be made to reach Qualified Buyers.
6. Adhere to 91 day FHA resale rules.
7. Create "NSP Homes" branding and public awareness through published materials, such as brochures.

8. The Intermediary must comply with the Affirmative Marketing Guidelines listed in Exhibit F.

V. PROPOSAL SUBMISSION

All proposals must meet the threshold requirements detailed below. If a proposal does not meet these threshold requirements, the Proposer will be advised that the proposal will not be reviewed further.

A. **Threshold Requirements**

The Intermediary team must include a lead or managing Builder/Developer with adequate financial capacity. The lead Builder/Developer is the entity that will contract with the Agency, provide financing and manage the day-to-day activities of the project, and own the Sites in the case where Sites are located outside of the NSP Target Zone.

The lead Builder/Developer must have:

- (1) A minimum of five years of extensive rehabilitation and construction experience of single-family homes. This experience includes evaluating conditions of homes requiring to be repaired; evaluating and determining building code violations, including illegal room additions and conversions; preparing a written rehabilitation scope; determining rehabilitation costs; obtaining required building permits and inspections; and having a California general contractor license in good standing. In addition, having directly conducted major rehabilitation of a minimum of 10 single-family homes in the last five years.
- (2) Reference letters from at least two separate municipal jurisdictions and one private business entity attesting to the amount and quality of the rehabilitation work completed.
- (3) Demonstrated ability to provide the financial resources to acquire and rehabilitate multiple properties simultaneously with the expectation of reimbursement upon the close of escrow. As an example, a minimum of \$1,000,000 in verifiable cash reserves, a credit line or a combination thereof. Alternatively, the lead Builder/Developer can demonstrate at least \$1,000,000 in net assets pertaining to his/her development business (personal assets will not be counted in this category).
- (4) Possess valid licensure to include, but not limited to a valid California Real Estate Brokers license, a valid California General Contractor's license, and the ability to obtain a valid City Business license. (If selected to be included as part of the Agency pool, the Intermediaries must have a valid City business license prior to commencing work on behalf of the Agency.)
- (5) Current insurance policies to include comprehensive automobile liability insurance of not less than one hundred thousand dollars (\$100,000.00), comprehensive general liability insurance of not less than one million dollars (\$1,000,000.00), and adequate worker's compensation insurance in accordance with Section 3700 of the California Labor Code.

- (6) A minimum of five years of extensive real estate experience in acquiring single-family homes. This experience includes negotiating directly with sellers to acquire property.
- (7) The internal marketing staff or a contracted marketing agent must have a minimum of five years experience in marketing, securing financing for homebuyers, and closing the sale of affordable single-family homes of the type and scale proposed. This experience includes negotiating directly with buyers to sell property; listing, marketing and placing property on the realtors Multiple Listing Service; and, having a California real estate broker license in good standing. In addition, directly selling a minimum of 20 single-family homes to income restricted homebuyers in the last five years.
- (8) Experience over the last five years in property management. This experience includes maintaining and securing property.
- (9) Experience over the last five years in obtaining financing from financial institutions to leverage and/or obtain funding to acquire and/or rehabilitate property.
- (10) Experience in the last ten years in working with local governments in rehabilitating or constructing new residential property. This experience includes having an understanding of government regulations in administrating the program and the funding sources.
- (11) Understanding and knowledge of the federal regulations of the Neighborhood Stabilization Program and the guidelines of the EDA Intermediary Program.
- (12) Ability to provide references of the above listed requirements as evidence of satisfactory experience and performance.

Proposers must meet the above requirements for the application to be reviewed.

Note: It is the sole responsibility of the Proposer to ensure that threshold requirements are met. Furthermore, the selection of any Proposals for Intermediary services will be further subject to the approval of the City's Redevelopment Agency Committee and the City's Community Development Commission.

B. Proposal Contents

1. The first page of the Proposal shall be the cover sheet provided as Exhibit K to this RFP. The Proposer needs to fill out all of the applicable information on this sheet.
2. The second page of the Proposal shall be the Certification statement attached as Exhibit L. This document needs to be filled out and signed by the Lead Developer/Builder of the Proposer's Team.
3. Provide a sample development pro forma based on the sample property (please see Exhibit C for a property profile). The pro forma must follow the format shown in Exhibit D, attached herewith, and it must include, but not limited to, the following:
 - For the purpose of this Proposal, Proposers shall assume the list price given for the foreclosed home, the amount of the discount, the direct rehabilitation cost and contingency, the final appraisal price for the rehabilitated home, and other minor line items that are already filled out on the attached pro forma template (Exhibit D). Instructions for filling out the entire pro forma are included in Exhibit D. The pro forma template is also available in Excel format on the Agency's website (www.sbrda.org) under filename "*intermediary.rfp.exhibitd*". Proposers may opt to use this Excel spreadsheet to produce their development pro-forma. Before using this Excel spreadsheet, however, please read the instructions in Exhibit D.
 - Proposers standard fee per unit for property management services (the Property Management Fee) from the point of acquisition to the point of final sale;
 - Standard fee charged per unit for rehabilitation work based on a percentage of the total rehabilitation cost (the General Contractor Profit/Overhead Fee);
 - Standard Homebuyer Qualifying Fee to be charged for each Qualified Homebuyer;
 - A fee charged per unit for selling the home to a Qualified Homebuyer (the Sales Commission Fee). This fee is based on a percentage of the final sales price to the homebuyer, which is indicated as the "EDA Final Sales Price" in the Pro-forma provided for this exercise. Proposers should set this fee at the standard percentage fee that they would charge for units sold under this program.
 - Estimate for construction financing costs, both interest and loan origination fee;
4. Provide a timeline for acquiring, rehabilitating and reselling the property identified in Exhibit K. This timeline should cover the period beginning with the identification of the property through to the final sale. (Assume that you will be responsible for identifying and acquiring the property.)
5. Provide documentation confirming the financial capacity of the Proposer, such as bank statements, letters of credit, lines of credit, and compiled financial statements. (If audited financial statements are available, please submit these.)

6. Identify how you would market the NSP properties to income eligible buyers, and demonstrate how you would comply with the Affirmative Marketing Requirements shown on Exhibit F.
7. Describe your process for providing Homebuyer Education training, as well as demonstrate that you've made contact with Agency's designated homebuyer education provider, NHSIE, with a letter from named provider stating approved number of households you anticipate having them train through your activities.
8. Provide complete written responses to the information requests listed below. Please be as complete as possible otherwise your response may be considered as non-responsive, in which case your application may be disqualified.
 - Provide a list of clients, public or private, that you have provided asset management services for over the last ten years.
 - List your experience in managing REO rehabilitation projects over the last ten years
 - Identify the ability of your firm to locate and analyze residential properties for possible acquisition under the NSP. Specifically describe the process you would undertake in identifying and recommending properties for sale to the Agency.
 - Identify projects previously conducted for other municipalities utilizing the services included within this RFP. Include within your identification the name of the municipality, dates of service and scope of services performed (please provide this list in the format shown in Exhibit J).
 - List any professional designations or licenses you possess associated with the work being requested. For verification purposes, please provide a copy of the licenses and contact information of the licensing authority, including a phone number.
 - List the number of years, your organization has provided intermediary services for homeownership properties that did not exceed four units.
 - Specify whether your organization has been involved in any legal actions associated with the services being requested within the past five years. If so, please provide adequate detail in your response.
9. Please complete Exhibits G, H, I and J from the "Evaluation Criteria" section of this RFP.
10. Please complete the "Commitment to Use Green Building Methods" form from Exhibit E if you want to receive consideration under that evaluation criterion. Favorable consideration will be given to those respondents who commit to the Green Building Methods described in Exhibit E.

C. Submission Requirements

All Proposals must be typed and comply with the requirements detailed in this RFP. Any revisions or additions to the proposal after submission will not be accepted.

Incomplete Proposals will not be considered for funding. It is the responsibility of the Proposer to ensure completeness of their submittal.

Truth and Accuracy of Representations – False, misleading, incomplete, or deceptively unresponsive statements in connection with a proposal shall be sufficient cause for rejection of the proposal. The evaluation and determination in this area shall be in the sole judgment of the Agency and this judgment shall be final.

The Agency may require additional information for the determination of the Proposer's qualification to provide the proposed services.

Submission of a Proposal shall constitute acknowledgment and acceptance of all terms and conditions contained in this RFP.

The Proposal must be submitted in the legal name of the corporation or entity and the corporate seal (if the corporation has a seal) must be embossed on the original proposal. Proposals must be signed by an authorized representative of the Proposer organization or entity who has legal authority to bind the entity in contract with the Agency.

Lack of compliance with legal or administrative submission requirements may lead to disqualification. Proposals that are disqualified will not be reviewed and rated.

Proposal Withdrawals – Proposers may withdraw their proposal at any time prior to the proposal deadline. Proposals received after the specified time and date will not be accepted.

VI. PROPOSAL EVALUATION AND SELECTION

A. Criteria Overview

The Agency will evaluate all Proposals according to the following criteria:

Scoring Categories	
1.	Development Feasibility
	<ul style="list-style-type: none"> • Competitiveness of Intermediary Fee • Financial Capacity
2.	Intermediary Team Capacity
	<ul style="list-style-type: none"> • Development Entity Experience • Home Sales/Marketing Management Experience • Property Management Experience • Experience with Local Governments on Similar Projects
3.	Marketing Plan
4.	Incorporation of Green Construction Methods
5.	Verifiable References

The following section explains the criteria that will be considered in the evaluation of the Proposals.

B. Development Feasibility

The Proposals will be reviewed to assess financial feasibility and the extent to which the Proposer is likely to deliver projects in a timely manner. The proposed timeline will be reviewed for reasonableness and consistency (starting from acquisition through sale of the homeownership units).

Competitiveness of Intermediary Fees

The four Intermediary Fees identified in Section 1.D., which are: 1. Property Management Fee, 2. General Contractor Fee/Overhead, 3. Homebuyer Qualifying Fee and 4. Sales Commission Fee quoted in the proposal will be considered separately for each Proposal. These fees will be evaluated based on reasonableness and competitiveness.

Financial Capacity

Evidence of acquisition and construction financial resources in place to assist in the financing of the projects will also be taken into consideration. Proposers will be evaluated based on their ability to satisfactorily demonstrate funding commitments of at least \$1,000,000 or net business assets (the net of assets minus liabilities) of \$1,000,000 or higher. Commitments may be in the form of verifiable cash reserves, letter of credit or lines of credit. Also, Proposers will need to submit their compiled financial statements for the 2007 fiscal year and the first six months of fiscal year 2008 in order to be evaluated in this category.

C. Intermediary Team Capacity

Proposals will be evaluated based on the strength of the Intermediary or Intermediary Team should the applying entity consist of more than one organization. The Intermediary or Intermediary Team will be evaluated based on their capacity for performing each of the various functional components of the projects, such as property management,

rehabilitation management, marketing, and experience working with local governments. Each functional component of the Intermediary Team, whether internal or outsourced, will be evaluated for capacity, experience and successful track record in performing their respective roles on completed developments of the type (target population), size, and design complexity similar to that being proposed.

Development Entity Successful Track Record (Only the Lead Developer's experience will be considered in this category.)

Qualification will require listing the number of homeownership units acquired, rehabilitated and sold in San Bernardino and Riverside Counties within the past five years by the lead Developer. The lead Developer will verify its role as a Developer or Co-Developer for the completed projects listed. A street address and description must be provided for each project. To meet this requirement, a listing in the format provided as Exhibit G must be submitted.

Home Sales/Marketing Entity Successful Track Record

Proposers must provide information about the lead Intermediary Team's marketing agent. Consideration will be given based on the experience of the named individual with newly rehabilitated homeownership units restricted to low or moderate-income buyers. The Intermediary Team's marketing agent or broker must have a minimum of five years experience in marketing, securing financing for homebuyers, and closing the sale of affordable homeownership units of the type and scale proposed within the San Bernardino/Riverside County areas.

The number of rehabilitated homeownership units restricted to low or moderate income buyers successfully marketed must be listed, along with addresses. In addition, the number of years the individual has been involved in marketing must be provided. To meet this requirement, a listing in the format provided as Exhibit H must be submitted.

Property Management Entity Successful Track Record

Points will be awarded based on the experience of the named property management entity, whether it is the lead developer or some other agent. The property manager must have a successful track record of managing single-family houses or detached condos from acquisition to the point of sale within the last five (5) years.

The projects managed must be listed, along with addresses and the number of units. To meet this requirement, a listing in the format provided as Exhibit I must be submitted.

Successful Track Record with Local Governments

The Intermediary Team's track record in working with local governments to construct newly built residences or rehabilitate existing residences will be evaluated. The Agency will take into consideration the number of projects that the Proposer has conducted for

municipalities utilizing the services included within this RFP in the last 10 years. To meet this requirement, a listing in the format provided as Exhibit J must be submitted.

Affirmative Marketing Plan/Assistance to Buyers

Proposals must include a marketing plan that incorporates all aspects of the Agency's Affirmative Requirements in Exhibit F of this RFP. Detailed information on the target market, marketing assumptions, and sales strategy must be included. Details on marketing and outreach efforts to the appropriate target market as well as homebuyer education efforts must be included. Sales strategy should include details on staffing, monitoring for compliance with the Agency's Affirmative Marketing Guidelines, method for determining the buyers if there are more qualified buyers than available homes.

The following factors will be taken into consideration when evaluating the Proposer's Affirmative Marketing Plan and assistance to buyers:

- a. Marketing plan for homebuyers:
- b. Homebuyer education plan*:
- c. Copy of valid State of California Real Estate Broker or Sales License:

*** Home Ownership Education**

Homeownership counseling and education is required. Prospective Qualified Homebuyers must complete an 8-hour homebuyer education course with the Agency's approved homebuyer education provider, Neighborhood Housing Services of the Inland Empire (NHSIE), located at 1390 North "D" Street, San Bernardino, (909) 884-6891.

Green Remodeling Checklist

Consideration will be given if the Intermediary commits to employing the Green building methods listed on the Green Remodeling Checklist whenever it is feasible from a scheduling and budgeting perspective. The Green Remodeling Checklist was created by the Build It Green organization in order to promote an approach to home building that emphasizes quality construction, energy efficiency, good indoor air quality, environmentally sound landscaping, and livable neighborhoods. The Green Remodeling Checklist is attached herewith as Exhibit D. To learn more about the Green Remodeling Checklist or Green building methods please visit the following website: <http://www.builditgreen.org>.

Verifiable References

Proposals that include references that can corroborate the qualifications and experience presented by the Proposers will be taken into consideration by the Agency. Only those references for which name, complete address and contact telephone numbers are provided will be counted. At least two references from a municipality and one from a private organization/entity must be submitted in order to be evaluated in this category.

VII. APPLICATION PROCESS

A. Review Process

1. Threshold Review

An initial review of each submitted proposal will be conducted. It will be verified for completeness and that all supporting documents have been included to meet eligibility and threshold requirements.

2. Technical Review

Proposals that meet threshold requirements will then be scored and ranked by a review panel selected by the Agency. Each Proposal will be evaluated on its own merits for content, responsiveness, conciseness, clarity, relevance, and strict adherence to the instructions in this RFP. Any materials that are determined to be incomplete or deficient may be rejected by the Agency at its sole discretion. Additional information not contained in the Proposal will not be considered.

3. Interview

Proposers who are selected to be on the Agency's short list will be invited to an interview before the review panel. In addition, background (including but not limited to site visits for previously completed projects) and reference checks may be conducted during this interview phase. The review panel will select the final Proposers and make a recommendation to the Interim Executive Director of the Agency.

D. City's Redevelopment Agency Committee Review

The Agency's Interim Executive Director will recommend the selected pool of Intermediaries to the City's Redevelopment Agency Committee and then to full Commission for approval. The Commission will exercise final authority on the recommended Proposals and may authorize the Agency to enter into a contract with selected Intermediaries.

E. Due Diligence

Due diligence review will continue following Proposal selection. The selected Proposer shall provide any material, documentation or clarification requested by the Agency.

B. Questions & Answers

QUESTIONS WILL ONLY BE ACCEPTED VIA E-MAIL ADDRESSED TO fportillo@sbrda.org or cjenkins@sbrda.org. PHONE QUESTIONS WILL NOT BE ANSWERED. Questions may be submitted until the last day noted above.

EXHIBIT A

NSP TARGET ZONE MAP

EXHIBIT B

ELIGIBLE AREAS WITHIN THE CITY

EXHIBIT E

GREEN REMODELING CHECKLIST

EXHIBIT E

GREEN REMODELING CHECKLIST

COMMITMENT TO USE GREEN BUILDING METHODS

I, (_____), certify that I will commit to utilizing the Green building methods and processes indicated on the Green Remodeling Checklist whenever project scheduling or budgeting considerations allow in the rehabilitation of homes assisted with funding from the City of San Bernardino Economic Development Agency's "Agency Intermediary Program". I acknowledge that failure to honor this commitment might provide grounds for being penalized in future contracting opportunities with the Agency.

Signature

(Name)

(Title)

(Date)

EXHIBIT F

AFFIRMATIVE MARKETING REQUIREMENTS

In accordance with the California Fair Employment and Housing Act and the policy of the City of San Bernardino Economic Development Agency (Agency), property owners or their designees must adhere to the following affirmative marketing guidelines in order to create awareness for the general public and certain community groups as to the availability of units designated for lower and/or moderate-income.

APPLICABILITY

Property owners or their designees are required to provide an affirmative marketing plan and procedures for all developments with designated units. Procedures to be used must identify how persons in the housing market area who are not likely to apply for the housing without special outreach shall be informed and made aware of available affordable housing opportunities. The Agency has identified two groups as least likely to apply without special outreach efforts, namely, African-American and Hispanic persons.

THE AFFIRMATIVE MARKETING PLAN

The Property Owner or designee's Affirmative Marketing Plan shall consist of a written marketing strategy designed to provide information and to attract eligible persons in the housing market area to the available units without regard to race, color, national origin, sex, religion, marital and familial status, disability, medical condition, sexual orientation, or ancestry. It shall describe initial advertising, outreach (community contacts) and other marketing activities, which will inform potential buyers of the availability of the units. It shall also outline an outreach program which includes special measures designed to attract those groups identified as least likely to apply without special outreach efforts, (because of existing neighborhood racial or ethnic patterns, location of housing or other factors) and other efforts designed to attract persons from the total eligible population.

The Property Owner must do the following:

1. Insert Equal Housing Opportunity logotype, statement or slogan on all written outreach tools (i.e. signs, advertisements, brochures, direct mail solicitations, press releases, etc.)

2. In addition to the above, the Affirmative Fair Housing Marketing Plan shall outline:
 - a. Commercial Media to be used (i.e., community newspapers and non-English language newspapers, radio, television, billboards, religious or local real estate publications, etc.).
 - b. Marketing efforts to be used (i.e., brochures, letters, handouts, direct mail, signs, etc.)
 - c. Community Contacts to supplement formal communications media for the purpose of soliciting group(s) least likely to purchase the available housing without special outreach efforts. They should be individuals or organizations (i.e., service agencies, community organizations, places of worship, etc) that have direct and frequent contact with those identified as least likely to apply. The contacts should also be chosen on the basis of their positions of influence within the general community and the particular target group. The Property Owner must agree to establish and maintain contact with the identified contacts.

BUYER SELECTION

1. The Property Owner or designee shall maintain records of all prospective homebuyer applicants, including their race, ethnicity and gender, reasons for denial of application, placement on a waiting list, etc.
2. The Property Owner or designee shall also provide for the selection of applicants from a written waiting list in the chronological order of their application, insofar as is practicable, and provide prompt written notification to any rejected applicants of the grounds for any rejection.

EXHIBIT C

PROPERTY PROFILE FOR SAMPLE PROPERTY

EXHIBIT K

RFP COVER SHEET

RFP – INTERMEDIARY SERVICES FOR THE NEIGHBORHOOD STABILIZATION PROGRAM (Housing Rehabilitation, Management, Marketing and Sale)

Submit one (1) original labeled "Original", four (4) copies labeled "Copy", complete with attachments to: (No deliveries made by regular U.S. Mail will be allowed.)

REQUEST FOR PROPOSALS

"Response to Intermediary RFP – Do Not Open With Regular Mail"
Carey K. Jenkins, Director of Housing and Community Development
c/o Fernando Portillo
Economic Development Agency of the City of San Bernardino
201 North "E" Street, Suite 301
San Bernardino, CA 92401-1507

OFFICIAL AGENCY/ORGANIZATION NAME AND ADDRESS: Indicate address, as it is to appear on contract.

Name: _____

Address: _____

City: _____

Zip Code: _____

Federal Employee ID #: _____

Telephone: () _____

Fax: () _____

Email: _____

EXHIBIT L

CERTIFICATION

Certification: (to be completed by all Proposers on their letterhead).

The undersigned hereby certifies that the statements contained in the application package are true and complete to the best of the applicant's knowledge, and further, understands that this is a public document open to public inspection.

Original Signature _____

Name (Print) _____

Title (Print) _____

Company Name (Print) _____

Address (Print) _____

Date (Print) _____