



# **REQUEST FOR PROPOSALS**

**HOME RFP No. 2009-01**

## **HOMEOWNERSHIP PROPOSAL**

### **HOME CHDO PROGRAM**

June 1, 2009





## Homeownership Proposal

# HOME CHDO Program

The West Virginia Housing Development Fund (WVHDF) is seeking proposed projects from WVHDF-certified Community Housing Development Organizations with the qualifications and capacity to develop affordable single-family housing for sale to low- and very low-income households. The WVHDF is making available federal HOME Investment Partnerships Act funds (CFDA No. 14.239) through the HOME Community Housing Development Organization (CHDO) Program to promote the development of affordable homeownership projects. Eligible projects may involve (1) the acquisition and rehabilitation of existing single-family dwelling units and (2) the acquisition of building lots and the construction of new single-family dwelling units that meets the needs of low- and very low-income households.

The WVHDF is prepared to allocate up to **\$4,473,195** in financial assistance through the HOME CHDO Program under this Request for Proposals (RFP). The amount of financial assistance that will be allocated to either eligible affordable homeownership or rental housing projects under this RFP will be limited to availability of HOME CHDO funds.

The financial assistance for eligible affordable homeownership projects will be made in the form of direct loans, deferred payment loans, and forgivable loans. All loans will be secured by a first or second lien on the property. The rates and terms of the loans shall be subject to negotiation on a project-by-project basis.

Eligible affordable homeownership proposals include the acquisition and rehabilitation of existing single-family dwelling units, and the acquisition of building sites and/or the construction of improvements including water lines, sewer lines, sewage disposal systems, gas lines, electric lines, roads, streets, curbs, gutters, sidewalks, and other land improvements necessary to prepare the site for the construction of affordable single-family dwelling units for low- and very low-income families, predevelopment loans and homebuyer downpayment assistance are not an eligible affordable homeownership activity under this RFP.

Single-family housing units assisted under the HOME CHDO Program shall comply with the applicable federal, State and local codes and ordinances, the rules and regulations for affordable homeownership housing set forth at 24 CFR 92.254 and all other applicable federal requirements.

Preliminary HOME CHDO Proposals will be reviewed by the HOME Program staff for compliance with HOME Program regulations and the terms of the RFP. Projects that are determined to comply with both the HOME Program Regulations and the RFP will be issued a Preliminary Acceptance and Reservation of Funds Letter within ten (10) days of the receipt of the Preliminary Application. The WVHDF will initially reserve or set aside HOME CHDO funds for each of these projects. In the event all of the HOME CHDO funds available under this RFP are reserved for eligible projects, the WVHDF reserves the right to issue a standby reservation of funds for an eligible project. Under the terms of the Preliminary Acceptance and Reservation of Funds Letter, the CHDO will be allowed forty-five (45) days to submit the final HOME CHDO Program Proposal.

Final HOME CHDO Program Proposals that are determined to meet CHDO Program Guidelines will be reviewed and evaluated according to the established Homeownership Evaluation Criteria. Each proposal will be scored by multiple reviewers, and the scores will be averaged to achieve a final score. Subject to CHDO Program funding availability, projects determined to be the most competitive will be selected for assistance through the HOME CHDO Program. Upon receipt of project proposals, the WVHDF reserves the right to request additional information and/or reject any or all proposals.

**The Submission Period will remain open until all the funds available under this RFP have been reserved for eligible projects. The WVHDF reserves the right to issue a standby reservation of HOME CHDO funds for eligible projects. If the final Application is not submitted within the forty-five (45) day period following the issuance of a Preliminary Acceptance and Reservation of Funds Letter, the WVHDF reserves the right to cancel the reservation and obligate the funds to other eligible HOME CHDO projects.**

**CHDOs should carefully review the HOME Program Regulations prior to submitting a Preliminary HOME CHDO Program Proposal. Guidelines and answers to questions that may arise in completing the proposal are available by contacting Megan L. Howard at 1.866.623.6283 or at [mhoward@wvhdf.com](mailto:mhoward@wvhdf.com), or Robert F. Cary at 1-800-933-9843, or at [bobcary@wvhdf.com](mailto:bobcary@wvhdf.com).**

# PROPOSAL SUBMISSION PROCESS

The WVHDF has developed a two-step proposal submission process that is designed to expedite the review of proposals and reservation of funds. The initial step has been developed to identify and reserve funds for eligible proposals. The second step has been developed to evaluate eligible homeownership and rental housing proposals against specific evaluation criteria. The principle steps in the submission and revaluation process are outlined hereafter.

1. Applicants should submit an original and two (2) copies of the Preliminary HOME CHDO Proposal and required attachments for review and consideration by the WVHDF. The preliminary proposals will be reviewed for initial compliance with the objectives of the HOME Program and the terms of the RFP within ten (10) days of receipt by the WVHDF. The preliminary proposal must be typed and/or electronically prepared and printed on the prescribed form.
2. If the preliminary proposal is approved by the staff, the WVHDF will issue a Preliminary Commitment and Reservation of Funds Letter and reserve HOME CHDO funds for the project. The applicant shall have forty-five (45) days from the date of the Preliminary Commitment and Reservation of Funds Letter to submit the final HOME CHDO Program Proposal.
3. Applicants should submit an original and two (2) copies of the final HOME CHDO Program Proposal and required attachments for review and consideration by the WVHDF within forty-five (45) days of the date of the Preliminary Commitment Letter. The HOME CHDO Program project will be evaluated in accordance with the established Evaluation Criteria for each type of project. The final HOME CHDO Program Proposals will be reviewed within ten (10) days of receipt by the WVHDF. Proposals must include sufficient information to allow the comprehensive review and analysis of the proposed project. The final proposal must be typed and/or electronically prepared and printed on the prescribed form.
4. If the final HOME CHDO Program Proposal is approved by the WVHDF, the WVHDF will issue a Firm Commitment and Approval Letter. The applicant should be prepared to close the project loan within thirty (30) days of the Firm Commitment and Approval Letter.

Completed preliminary applications and project proposals should be mailed or delivered to:

Robert F. Cary  
HOME Program Manager  
West Virginia Housing Development Fund  
814 Virginia Street, East  
Charleston, WV 25301

***We look forward to reviewing your project proposals and are eager to answer any questions regarding the HOME Program or this Request for Proposals.***

# EVALUATION CRITERIA: CHDO HOMEOWNERSHIP PROPOSALS

Proposed CHDO Homeownership projects will be reviewed and scored on a competitive basis relative to the evaluation criteria below. The maximum possible score is 145 points. Proposed projects must receive a minimum average score of 90 points to be considered eligible for funding. A score above the minimum average score does not guarantee funding.

**1. EXPERIENCE AND QUALIFICATIONS** (maximum 15 points)

- Developer has successfully completed project similar in size and scope. .... 15
- Completed similar project but smaller in size and scope..... 10
- Consultant directly involved who has completed project similar in size and scope..... 8

**2. PROJECT BUDGET** (maximum 10 points)

- Project budget is complete and anticipated development costs are reasonable. .... 10

**3. SOURCES & USES OF FUNDS** (maximum 10 points)

- All sources and uses of funds are clearly indicated and sufficient evidences of funding availability and/or commitments are included. .... 10
- All sources and uses of funds are clearly indicated, but evidence of funding availability and commitments are incomplete. .... 5

**4. LEVERAGING** (maximum 15 points)

CHDO Program Funding Relative to Total Project Costs Equals:

- 25% or less ..... 15
- 26% - 50% ..... 12
- 51% - 75% ..... 9
- 76% - 90% ..... 6

**5. AVERAGE CHDO SUBSIDY PER UNIT** (maximum 20 points)

- Less than \$10,000 ..... 20
- \$10,001 - \$20,000 ..... 15
- \$20,001 - \$30,000 ..... 10
- \$30,001 - \$40,000 ..... 5

**6. PROJECT READINESS & DEVELOPMENT SCHEDULE (maximum 10 points)**

All homes developed under this Project can realistically be sold following WVHDF approval:

<u>Acquisition/Rehabilitation of Existing Properties</u>	<u>New Construction Projects</u>	
Within 6 months.....	Within 12 months .....	10
Within 9 months.....	Within 18 months .....	8
Within 12 months.....	Within 24 months .....	6
Within 15 months.....	Within 30 months .....	4

**7. AFFORDABILITY (maximum 10 points)**

CHDO staff will review the affordability data supplied by the applicant and will use it to calculate the income level to which the homes will be affordable. All homes assisted with CHDO funds must be affordable to families with incomes of eighty percent (80%) of the area median family income or below.

Affordability data realistically estimates principal, interest, taxes, and insurance for subject properties. All homes will be affordable to families with incomes as low as 60% of the area median family income. .... 10

Affordability data realistically estimates principal, interest, taxes, and insurance for subject properties. Seventy-five percent (75%) of the homes will be affordable to families with incomes as low as 60% of the area median family income..... 8

Affordability data realistically estimates principal, interest, taxes, and insurance for subject properties. Fifty percent (50%) of the homes will be affordable to families with incomes as low as 60% of the area median family income. .... 6

Affordability data realistically estimates principal, interest, taxes, and insurance for subject properties. Twenty-five percent (25%) of the homes will be affordable to families with incomes as low as 60% of the area median family income..... 4

**8. PROJECT COMPLETION RECORD (maximum 20 points)**

The CHDO staff will review and consider the applicant’s prior performance in the completion of projects on a timely basis.

Applicant has completed all projects on a timely basis. .... 20  
 Applicant has had minor difficulty in completing projects on a timely basis. .... 15  
 Applicant has had major difficulty in completing projects on a timely basis. .... 10  
 Applicant has been unable to complete any projects on a timely basis. .... 5

**9. SAMPLE PLANS & ELEVATIONS (maximum 10 points)**

Sample floor plans and elevations include design features that are consistent with existing neighborhood housing stock..... 10  
Sample floor plans and elevations reflect a significant effort to add interest and curb appeal to elevations..... 7  
Sample floor plans and elevations reflect some effort to add interest and curb appeal to elevations. .... 4

**10. MARKETING/HOMEBUYER PIPELINE (maximum 5 points)**

Have commitments from enough prequalified eligible homebuyers to effectively pre-sell all homes. .... 5  
Have established relationships with Realtors who have successfully secured eligible buyers in the past. .... 3

**11. HOMEBUYER EDUCATION (maximum 5 points)**

Commitment from experienced homeownership counseling entity to provide appropriate education to prospective buyers. Appropriate curriculum is outlined..... 5  
Homebuyer education will be provided, but curriculum is limited and provider is less experienced. .... 2

**12. NEIGHBORHOOD SUPPORT (maximum 10 points)**

Proposal application includes letters of support from all local neighborhood organizations in the area of the proposed project..... 10  
Demonstrated effort to gain support from local neighborhood organizations. .... 5

**13. MBE/WBE PARTICIPATION (maximum 5 points)**

Entities anticipated to be involved in implementing the project include registered West Virginia minority- or women-owned business enterprises (MBE/WBE)..... 5



**2. Board Authorization**

Include a copy of the Board of Directors' resolution approving the proposed project and authorizing the request for funding. Attach a copy of the Articles of Incorporation, Bylaws, and list of current officers.

**3. Project Description.** In two pages or less, describe the project including the information listed below.

- a. In addition to providing an Itemized Development Budget through your response to Item 10, summarize the key financials of the project, clearly indicating total project cost, the amount and intended use of WVHDF funds requested, amount and provider of other funding, and the stage of those commitments.
- b. Location by street address and include an area map with the properties indicated.
- c. Type of structure (multifamily or single-family), square footage, number and size of units, bedroom/bathroom composition.
- d. If there are existing structures, provide documentation from the taxing authority or other third-party source indicating the year the structure was built.
- e. Proposed homeowners including number and type of individuals to be served, and yearly income relative to 30%, 50%, 60%, or 80% MFI (see HOME Program Income Limits). If the project will serve families with special needs, describe the population to be served and the outreach or referral plan that will be used to publicize the availability of housing and/or supportive services and homeownership counseling services.
- f. Units accessible and adaptable for persons with mobility, sight, or hearing disabilities.
- g. Compatibility with current Neighborhood Plan (if applicable).

**4. Site Control and Demonstration of Value**

If the sites are known at the time this application is submitted, include evidence of site control such as warranty deed or option, and provide a real estate appraisal or current tax documentation that substantiates the value of the subject property. Tax documentation for a comparable property recently constructed by the developer may be sufficient to estimate after-construction value, depending upon the location and similarity of the recently-developed property. If the sites are not known, indicate when the sites will be known and when the requested documentation would be able to be available.

**5. Zoning**

If the sites are known at the time this application is submitted, include a letter from the local jurisdiction verifying that the current zoning of the site for the proposed project is compatible with the anticipated use, or include documentation verifying that a request to change current zoning has been submitted to the local jurisdiction. Should the project receive funding approval, appropriate zoning must be in place prior to executing loan documents. If funds are being provided for acquisition of single-family lots for undetermined sites, WVHDF will only reimburse costs associated with the acquisition of lots for which zoning documentation was provided prior to the acquisition.

*(remainder of page intentionally left blank)*

**6. Tenant Relocation**

If the project is occupied at the time of proposal submission, include a Tenant Relocation Plan. The developer is responsible for providing tenant relocation assistance should the proposed project require or result in the temporary or permanent displacement of current tenants. The Plan must include, at a minimum, the following:

- a. Total number of households in the project and number to be permanently or temporarily displaced.
- b. A list and description of all households to be temporarily or permanently displaced (include current address, name, family size, and ages of individuals).
- c. Circumstances under which the displacement is necessary.
- d. Description of assistance to be provided and a schedule for assistance.
- e. Source(s) of funds to be used for relocation assistance.
- f. Procedures/methods by which those being displaced will be advised of their rights and available assistance.

**7. Development Team**

Identify the entities anticipated to be involved in implementing the project including lenders, attorneys, accountants, architects, engineers, general contractor, subcontractors, homebuyer education providers, and consultants. Also, indicate if any entity is a minority- or women-owned business enterprise (MBE/WBE) or if any of the entities are also a CHDO.

Name(s)	Comments on Role	MBE?	WBE?	CHDO?
Owner				
Developer				
Architect				
Engineer				
Construction Lender				
Potential Mortgage Lenders				
Attorney				
Accountant				
General Contractor				
Consultant (if applicable)				
Homeownership Counseling Provider				
Marketing Agent or Realtor				
Other				

8. **Development Schedule.** Complete the grid below. Reorder the steps according to the appropriate sequence for your project, and add in any other significant steps integral to your project's development. If the development schedule differs across several properties to be involved in the project, provide a development schedule for each property.

	Date(s)
Acquisition and/or Holding	
Environmental and/or Historic Review	
Securing and Packaging Project Financing	
Securing Prequalified Prospective Buyers	
Homeownership Counseling	
Construction Specifications and Cost Estimates	
Construction Bids	
Construction Start	
Anticipated Draws (list all)	
End Construction	
Sign Sales Contract(s)	
Close on Home Sale(s)	

9. **Experience and Qualifications--Homeownership Development and Sale**

- a. Is this the developer's first housing project?  Yes  No
- b. Completed projects (complete table below)

COMPLETED PROJECTS				
Address	# of Units	New or Rehab	For Rent or Homeownership	Year Completed

- c. Describe below the experience/qualifications in completing projects similar in size and scope that indicates the developer's ability and capacity to implement the proposed project. Of particular importance is the developer's experience with successfully completing (a) projects that triggered Davis-Bacon and other Federal Labor Standards; (b) projects involving temporary or permanent relocation of tenants; or (c) projects involving the testing and appropriate treatment of lead-based paint and/or asbestos if the proposed project will involve any of those three dimensions. If this is the CHDO's first project of this type, please provide a detailed description of the experience of the other members of the development team with similar projects.

10. Detailed Project Budget

Use the following table to provide a complete project budget. Add line item categories as necessary.

<b>DETAILED PROJECT BUDGET</b>		
	Cost	Description
<b>PREDEVELOPMENT</b>		
Appraisal		
Environmental Review		
Engineering		
Survey		
Architectural		
<b>TOTAL PREDEVELOPMENT</b>		
<b>ACQUISITION</b>		
Site and/or Land		
Structures		
Other (specify)		
<b>TOTAL ACQUISITION</b>		
<b>CONSTRUCTION</b>		
Infrastructure		
Site Work		
Demolition		
Concrete		
Masonry		
Rough Carpentry		
Finish Carpentry		
Waterproofing & Insulation		
Roofing & Sheet Metal		
Plumbing/Hot Water		
HVAC		
Electrical		
Doors/Windows/Glass		
Lath & Plaster/Drywall & Acoustical		
Tile Work		
Soft & Hard Floor		
Paint/Decorating/Blinds/Shades		
Specialties/Special Equipment		
Cabinetry/Appliances		
Carpet		
Other (specify)		
Construction Contingency		
<b>TOTAL CONSTRUCTION</b>		
<b>SOFT &amp; CARRYING COSTS</b>		
Legal		
Audit/Accounting		
Title/Recording		
Architectural (Inspections)		
Construction Interest		
Construction Period Insurance		
Construction Period Taxes		
Relocation		
Marketing		
Developer's Fee		
<b>TOTAL PROJECT COSTS</b>		

NOTE: Total Developer's Fee and Management Cost limited to 10%

11. **Funds Proposal.** Provide the following information to facilitate financial review of the proposed project.
- Sources and Uses of Funds**--Complete **Tables A and B** below, identifying all sources and uses of funds to implement the project. Include evidence of funds anticipated (financial statements, letters of commitment, etc.)
  - Leveraging**--Complete **Table C** below. Include evidence of other funds leveraged by WVHDF funds to implement the project such as owner equity and commitments from private and/or other public resources.
  - Affordability Data**--Complete **Table D** below. The data you provide in Table D will be used by CHDO staff to assess the affordability of the project for individuals of various family sizes and income levels.

<b>TABLE A. SOURCES OF FUNDS PROPOSAL</b>					
	Term	Interest Rate	Amount	Evidence of Funds	Use of Funds
Owner Equity					
Private Financing (list lenders below)					
Other Sources (list below)					
Proposed CHDO Funds					

<b>TABLE B. USES OF FUNDS SUMMARY</b>		
	Total Cost	Cost Per Unit
Predevelopment Costs*		
Acquisition Costs		
Hard Costs		
Soft & Carrying Costs		
Other Costs		
<b>Total Project Costs</b>		

\*HOME CHDO Funds may not be used for Predevelopment Costs

<b>TABLE C. LEVERAGE SUMMARY</b>	
TOTAL CHDO FUNDS	
TOTAL OTHER FUNDS	

<b>TABLE D. AFFORDABILITY DATA</b>				
	House Model One	House Model Two	House Model Three	House Model Four
Number of Bedrooms				
Square Footage				
Anticipated Sale Price				
Borrower Contribution				
Homebuyer Subsidy (list all sources separately)				
Total Principal Amount of Mortgage				
Anticipated Interest Rate				
Monthly Principal Amount				
Monthly Interest				
Estimated Monthly Taxes				
Estimated Monthly Insurance				
<b>TOTAL ESTIMATED PITI</b>				

**12. Marketing and Selling of Homes**

Describe your process and timing for marketing and selling the homes. If homes are being presold, indicate how many prequalified buyers have signed a purchase contract. If your organization maintains a waiting list of individuals interested in purchasing a home from your organization, indicate how many families are on the waiting list and how many of those families are prequalified with a mortgage lender. Indicate who will be responsible for marketing and selling the homes. If the CHDO contracts with a Realtor for marketing and sales, provide a history of the relationship, indicating how many homes the Realtor has sold on behalf of the CHDO during what period of time.

**13. Description of Homeownership Education Component**

Indicate whether homebuyer education is to be provided to prospective buyers. If homeownership education will be provided, provide the following in one page or less:

- a. The name and contact information for the provider.
- b. If the services are not provided by the developer of the project, provide a description of the organization providing the homebuyer education and a memorandum of understanding outlining the relationship between the developer and service provider.
- c. How many families the provider has counseled in the past two (2) years.
- d. A description of the homebuyer education curriculum to be used (content, time requirements, format and frequency of sessions).

**14. Neighborhood and Local Government Support**

Include letters of support from local organizations and governmental entities within the area of the proposed project.

**15. Building Plans**

Submit a copy of preliminary floor plans and elevations of homes to be constructed or rehabbed as part of the project.