

City of Vallejo
City Attorney Office
Neighborhood Law Program



Residential Receivership Request for Qualifications

May 31, 2013

I. INTRODUCTION AND BACKGROUND

Over the last few years, Communities across the country were severely impacted by increased mortgage foreclosures, declining property values and the subsequent blight resulting from vacant, abandoned and poorly maintained properties. In response, the City of Vallejo is implementing a Receivership Program to help revitalize and stabilize neighborhoods that have been negatively impacted by the presence of chronically blighted and substandard properties.

Receivership is a legal process designed to take control of residential, that are physically substandard and chronically blighted. Some of these properties are vacant for an extended period of time and others are occupied, including residential properties occupied by low-income tenants subjected to unhealthy and/or substandard living conditions. A third-party appointed by a court, called a “Receiver,” takes temporary possession of the property and undertakes the necessary property management and rehabilitation to convert the property to productive use. Where relocation of residential occupants is necessary prior to commencing rehabilitation activities, residents will be relocated, either permanently or temporarily depending on the circumstances, to replacement housing. Receivership is essentially the final attempt to transform these properties into viable and visually appealing assets by aggressively focusing on those property owners who have failed to abate violations on their property in spite of code enforcement efforts.

Currently, the City has no way of guaranteeing substandard buildings will be repaired or blighted lots maintained. Threats of structure demolition and the imposition of fines/penalties do not always motivate property owners to rehabilitate their properties. The Receivership Program provides communities with an effective tool to improve the quality of life by addressing conditions that contribute to blight, lowered property values, deterioration of building stock, negative health impacts and other chronic community problems. Under the Receivership Program, delinquent taxes and outstanding liens are paid, properties receive new appraised values, new tax rates are assessed and the formerly abandoned properties are put back into productive use for the community. The conversion of blighted properties into rehabilitated homes will help stabilize neighborhoods that have been negatively impacted by the economic downturn and current mortgage crisis.

This RFQ describes the demonstration of qualifications and information required from respondents to be considered for selection to provide the needed services.

Receivership Process

The City Attorney will select blighted properties in Vallejo for the Receivership Program based on the criteria described below. For each property selected the City Attorney’s office will file a petition for

receivership with the Court, which determines whether the property is appropriate for receivership. The City will select a pool of qualified potential Receivers through this RFQ process. For each receivership property, the City will solicit proposals for a receivership plan (including development/rehabilitation and disposition of the property) from the pool of potential Receivers, who will be provided with relevant information about the property. After considering the proposals for a particular property the City Attorney will select a potential Receiver for nomination to the Court, which is ultimately responsible for selection of Receivers. The City's role in the receivership process is to petition the Court to approve properties for receivership and to nominate Receivers for such properties. The ultimate approval of both properties and Receivers for the receivership program is made by the Court; thus Receivers are agents of the Court, not of the City.

Criteria for Selecting Receivership Properties

The City reserves the right to suspend, amend or modify the provisions of this RFQ, to reject all proposals, and to negotiate modifications of proposals.

Staff from the City Attorney's Office will select properties for the Receivership Program based on the following criteria:

- The property must be a residential parcel in the City of Vallejo.
- The property must have extensive and continuing violations of the Vallejo Municipal Code, and/or California Fire Code, California Building Code, and/or have extensive and ongoing criminal activity. The record owner according to the Solano County Recorder's office also must have shown an unwillingness or inability to correct the violations of law on their property.
- The property must contribute to neighborhood deterioration and blight (e.g. encourages criminal activity, poses a fire hazard, and creates an attractive nuisance for children).
- Rehabilitation of the property must be economically feasible; the post-rehabilitation market value must exceed the sum of the cost of rehabilitation and the balance of the existing debt on the property.
- The property must be rehabilitated within a relatively short time period to ensure that the improvements made to the property will not be subjected to vandalism, theft, or deterioration following rehabilitation.

Once the City Attorney's Office has selected a property for receivership they will prepare a receivership petition and file it with the Solano County Court. The petition consists of declarations and documentation from code inspectors and/or other city employees regarding the property's blighted and deteriorated condition, photographs of the subject property, and evidence showing that the property owner has neglected to correct the deficient conditions. Notice of the petition is served on all parties with a recorded interest in the property. At the hearing on the petition, the Court considers all documentary evidence presented by the parties, and determines whether the property is appropriate for receivership.

Selection of Receivers

A pool of qualified potential Receivers will be selected based on responses to this RFQ. Potential Receivers can be individuals or business entities (nonprofit or for-profit) that have experience in property management, real estate development and/or rehabilitation, or other experience pertaining to the proposed use of the rehabilitated property as a community asset. The City nominates a Receiver for the property that is the subject of the petition, and the Court must confirm the nomination. The City's nomination of a Receiver for each property will be based on proposals received from the potential Receivers selected under this RFQ.

The Receiver is an agent of the court, not of the City. Evidence is presented to the court that the nominee has the expertise to develop and supervise a viable financial and construction plan for the satisfactory rehabilitation of the building. The Receiver may not be a party to the action, related to the Judge and or able to obtain ownership of the property after the rehabilitation is completed.

Financing of Rehabilitation

The Receiver will be responsible for securing the necessary financing for the rehabilitation work. Possible sources of financing may include but are not limited to (1) private lenders, such as banks and philanthropic organizations and, in the case of residential properties, (2) nonprofit housing finance agencies and (3) government housing programs. Note that funds received from these sources may require as a condition of funding that long-term affordability and occupancy restrictions are placed on the property. The Receiver will be given the authority in the receivership order to place such restrictions on the property in appropriate cases.

Duties and Responsibilities of Receivers

Once appointed by the Court, a Receiver is expected to take full and complete control of the property. During the course of the receivership, the Receiver has exclusive control and possession of the property. The property owner maintains title to the property but is enjoined from interfering with the Receiver's duties and operation of the property, and transferring or encumbering the property during receivership. In order to fulfill its obligations, the Receiver may enter into contracts, employ licensed contractors for necessary repairs or improvements, and borrow funds to pay for the rehabilitation work. The Receiver also is responsible for managing the property and providing the Court with an accounting of the rehabilitation progress and related expenditures.

The Receiver is entitled to receive a fee for services rendered. In determining the Receiver's compensation, the Court will consider the amount of time the Receiver expends performing its services, the reasonable obligations of its position, its expertise, the difficulty of the matters involved, and the quality of the Receiver's performance. The fees will be paid from any income generated by the property, or the funds borrowed to finance the rehabilitation work.

II. REQUEST FOR QUALIFICATIONS

The Vallejo City Attorney is sponsoring an open Request for Qualifications (RFQ) to select a group of potential Receivers to provide services related to the management, rehabilitation and possible sale of properties throughout Vallejo that have extensive and continuing violations of municipal and state law. Selected properties will be those that contribute to neighborhood deterioration and blight (e.g. encourages criminal activity, poses a fire hazard, creates an attractive nuisance for children) and/or create unhealthy or dangerous living conditions for residents.

The City of Vallejo is seeking qualified individuals and business entities, including but not limited to non-profit and for-profit real estate development entities that are interested and experienced in securing financing for and rehabilitating/developing substandard properties and possibly selling the rehabilitated properties. The City Attorney will review applications from potential Receivers submitted under this RFQ and determine if an applicant is capable of implementing a viable financial and construction plan to successfully rehabilitate and possibly sell receivership properties. Qualified potential Receivers selected under this RFQ will possess a full range of general real estate development/rehabilitation knowledge and experience; the ability to obtain bonding, adequate financing, insurance, and required permits and licenses for the project; and the capacity to successfully coordinate and monitor construction activity. In addition to these threshold requirements, additional qualifications will be required for Receivers handling certain types of receivership properties. Receivers of occupied residential properties must possess appropriate tenant relocation experience, broad knowledge of relevant landlord/tenant issues and property management capability, including a valid real estate license if required by law. Receivers of residential properties identified as potential affordable housing (based on a feasibility assessment) must have experience with management and/or sales of affordability- restricted residential properties.

This RFQ describes the areas of expertise and the information required for respondents to be considered for selection to provide the needed services. Successful submissions will thoroughly and concisely address and document the following topics:

- Relevant qualifications and experience;
- Capacity of the applicant;
- Readiness to proceed; and
- Ability to leverage/obtain financing resources.

ORIENTATION MEETING

An orientation meeting to review the Receivership RFQ process and requirements with prospective applicants will be held on June 24, 2013 in the Vallejo City Attorney's Office located on the third floor of Vallejo City Hall 555 Santa Clara Street, Vallejo, CA, 94590. The meeting will be held from 2 p.m. to 3 p.m.

III. PROGRAM REQUIREMENTS

Eligibility Criteria

A. Eligible Applicants

- Applicants can be individuals, partnerships, limited liability corporations, limited liability partnerships, limited partnerships, corporations (non-profit or for profit) or community land trusts.
- Applicants must demonstrate credit worthiness, financial capacity, and relevant past

- experience with residential real estate development and/or rehabilitation.
- Applicants must have prior experience as a court appointed receiver.

B. Eligible Properties

- Residential properties in the City of Vallejo.
- Properties may be vacant, occupied or partially occupied.
- The property must have extensive and continuing violations of municipal and/or state law and the record owner must have shown an unwillingness or inability to correct the violations.
- The property must contribute to neighborhood deterioration and blight (e.g. encourages criminal activity, poses a fire hazard, creates an attractive nuisance for children, etc.)

Property Standards

- A. Local, State, and Federal Codes. Upon completion, properties must meet all applicable building codes, housing and planning standards under Local, State, and Federal Law.

Allowable Receiver Fee

The allowable fee to be paid to the Receiver will be determined by the Court and is commensurate to the overall project cost.

Communication Requirements

Upon selection by the Court, the Receiver must provide written monthly updates to the City Attorney and respond to inquiries from the City Attorney’s office within 72 hours. Monthly updates will allow City staff to anticipate upcoming approvals needed and to stay informed about efforts to move the project forward on schedule.

Insurance and Payment and Performance Bonds

Potential Receivers must demonstrate adequate insurance coverage and bonding. The City requires that developers have comprehensive general liability and property (hazard) insurance coverage of at least \$2 million and property damage or builder’s risk insurance in an amount equal to 100% of the replacement cost of the structure. Automobile insurance, professional liability, workers compensation, and employer’s liability coverage also will be considered. Actual insurance and bonding requirements for appointed Receivers will be determined by the Court.

Nondiscrimination

All applicants must agree not to discriminate on the basis of race, color, ancestry, national origin, religion, sex, sexual preference, age, marital status, family status, source of income, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS- related conditions (ARC), or any other arbitrary basis.

IV. SELECTION CRITERIA

The City is interested in selecting a broad pool of potential Receivers under this RFQ. Satisfaction of the “Threshold Criteria” set forth below is necessary for successful applicants. Satisfaction of any additional criteria will improve a Receiver’s ranking and/or increase access to various types of receivership properties but is not necessary for selection under this RFQ.

Threshold Criteria

A pool of pre-qualified potential Receivers will be selected under this RFQ. At a minimum, successful applications will demonstrate the following:

- Applicant's experience with real estate development and/or rehabilitation or similarly relevant experience pertaining to the proposed use of receivership properties;
- Ability to obtain and leverage outside funding for the project;
- Applicant's capacity to successfully undertake and execute the duties and responsibilities of a Receiver; and
- Readiness to proceed.

Criteria for Receiving Occupied Residential Rental Properties

In addition to the threshold criteria above, Receivers selected to handle occupied residential properties also must possess:

- Experience relocating tenants;
- Experience successfully handling landlord/tenant issues related to relocation of tenants and rehabilitation of occupied rental properties; and
- Property management experience and capability, including access to a valid real estate license where required by law.

Criteria for Receiving Affordability-Restricted Properties

In addition to the threshold criteria above, Receivers selected to handle affordability-restricted residential properties must also possess:

- Experience selling and/or managing affordability-restricted residential properties.

V. SUBMITTAL REQUIREMENTS

Submit your response to this RFQ and any attachments no later than the end of business July 1, 2013 to the point of contact listed below.

Ryan Griffith, Esq.
Neighborhood Law Attorney
Vallejo City Attorney Office
555 Santa Clara Street
Vallejo, CA 94590

Details of what to include in your response are explained on the following page.

Required Elements and Format of Responses to this RFQ

A. Qualifications

Summary of Qualifications: Describe organizational history, experience, structure and capability as it relates to the required duties and responsibilities of a Receiver, including past work in the following areas:

- Prior experience as a court-appointed Receiver
- Development of residential real estate projects
- Residential real estate rehabilitation or construction.
- Residential real estate sales.
- Securing and leveraging funding for residential real estate development or rehabilitation projects.

Summary of Receivership Experience.

Successful applicants must have experience successfully completing at least three residential receivership projects.

Developers must submit the following information concerning completed projects to show they meet or exceed minimum experience requirements.

- The type of project developed
- Location of project
- Date of project start and completion
- Name, title, and telephone number of staff member of local governing body most familiar with the project
- Whether project was on time and on budget (relative to schedule and budget at start of construction)

B. References

Please provide a complete list of jurisdictions and/or agencies in which you have provided the same or similar services in the past five years. Include contact information for contract manager from each jurisdiction.

C. RFQ Transmittal Letter Location:

Please send responses to this RFQ to the address listed below

Ryan Griffith, Esq.
Neighborhood Law Attorney
Vallejo City Attorney Office
555 Santa Clara Street
Vallejo, CA 94590

D. Certifications. Complete and submit the attached *Certifications* provided.

Applicant hereby certifies:

1. Truth of Application

That the information submitted in the application and any supporting material is true, accurate, and

complete to the best of its knowledge. Applicant acknowledges and understands that if facts and/or information herein are found to be misrepresented, it shall constitute grounds for the default of the loan for which application is being made.

2. No Conflicts of Interest

That, to the best of its knowledge, no "covered person" (as defined below) associated with the City has or will obtain a financial interest or benefit from selection of potential Receivers under this RFQ or receivership projects, or has or will obtain an interest in any contract, subcontract or agreement with respect to receivership projects or the proceeds thereunder, either for themselves or those with whom they have immediate family or business ties, during that covered person's tenure with the City or for one year thereafter. A "covered person" for purposes of this paragraph includes any employee, agent, consultant, officer, or elected or appointed official of the City who, with respect to activities related to the Receivership Program, (a) exercises or have exercised any functions or responsibilities, or (b) is in a position to participate in a decision-making process, or (c) is in a position to gain inside information. No officer, employee, agent, or consultant of Applicant or Applicant's affiliates may occupy a rehabilitated receivership property.

Applicant warrants and represents, to the best of its present knowledge, that no public official of the City who has been involved in the selection of proposed Receivers, or who is a member of a City board or commission which was involved in such selection, has or will receive a direct or indirect financial interest in receivership projects in violation of the rules contained in California Government Code Section 1090, et seq., pertaining to conflicts of interest in public contracting. Applicant shall exercise due diligence to ensure that no such official will receive such an interest. If Applicant, a general partner of Applicant, or an affiliate of Applicant or Applicant's general partner is a nonprofit corporation, Applicant warrants and represents, to the best of its present knowledge, that any such public official of City who is an employee or a noncompensated director or officer of said nonprofit corporation has disqualified himself or herself from participating in City's selection of potential Receivers under this RFQ.

Applicant further warrants and represents, to the best of its present knowledge and excepting any written disclosures as to these matters already made by Applicant to the City, that (1) no public official of the City who has participated in decision-making concerning this RFQ or receivership projects or has used his or her official position to influence decisions regarding selection of potential Receivers or receivership projects, has an economic interest in Applicant or receivership projects, and (2) the selection of potential Receivers will not have a direct or indirect financial effect on said official, the official's spouse or dependent children, or any of the official's economic interests. Applicant agrees to promptly disclose to the City in writing any information it may receive concerning any such potential conflict of interest. Applicant's attention is directed to the conflict of interest rules applicable to governmental decision making contained in the Political Reform Act (California Government Code Section 87100, et seq.) and its implementing regulations (California Code of Regulations, Title 2, Section 18700, et seq.).

3. No Use of Suspended/Disbarred Contractors

That Applicant, its principal and its contractors:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
- (b) Have not within a three-year period preceding this Application been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; or violation of Federal or State antitrust statutes or

commissions of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

- (c) Are not presently indicted or otherwise criminally or civilly charged by a governmental entity (Federal, State, or Local) with commission of any of the offenses enumerated in the subsection (b) above; and
- (d) Have not within a three-year period preceding this Application had one or more public transactions (Federal, State, or Local) terminated for cause or default.

If Applicant is unable to certify as to any of the above statements, Applicant has attached a written explanation to this Agreement.

4. Applicant Will Abide by Program Rules

That if Applicant is successful in being appointed a Receiver as a result of this Application, it will abide by all applicable rules and regulations governing the program.

5. Applications are Public Records

That Applicant acknowledges that the information submitted as part of this application may be made available to the public pursuant to a request under the California Public Records Act.

Applicant Name(s):

Signature/Date
