

**Addendum #1, City of Vallejo Housing and Community Development Division Request for Proposals (RFP) dated August 13, 2009; Notice of Funding Availability (NOFA): \$727,609.00**

*I. The deadline for submitting the above-referenced RFP is now extended from September 18, 2009 to FRIDAY, 12:00 P. M., OCTOBER 2, 2009.*

*II. Neighborhood Stabilization Program (NSP) and City Requirements that were not reflected in the NSP RFP, or not reflected in great detail:*

**Introduction**

Section 2301 of the Housing and Economic Recovery Act (HERA) of 2008 has allocated \$3.92 billion for state and local governments (as such terms are defined in section 102 of the Housing and Community Development Act of 1974 (42 United States Code (U. S. C.) 5302)) for emergency assistance with redeveloping abandoned and foreclosed homes. The statute calls for the funds to be used to:

- (A) “establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers;
- (B) purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties;
- (C) establish land banks for homes that have been foreclosed upon; and
- (D) demolish blighted structures.”

**Agreement Requirements**

1) Eligible Applicants:

- Applicants can be individuals, partnerships, corporations, developers or Community Land Trusts.
- Applicants must demonstrate credit worthiness, financial capacity, and relevant past experience to undertake acquisition, rehabilitation, and resale of homes.

2) Eligible and Allowable Costs:

Most of the activities eligible under NSP represent a subset of the eligible activities under 42 U.S.C. 5305(a). Eligible costs, such as reasonable developer’s fees, related to NSP-assisted housing rehabilitation or new construction of housing is eligible as part of eligible-use to redevelop demolished or vacant properties.

- *Sale of Homes* - HERA directs that, if an abandoned or foreclosed-upon home or residential property is purchased, redeveloped, or otherwise sold to an individual as a primary residence, then such sale shall be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property up to a decent, safe, and habitable condition.
- Sales and closing costs are eligible NSP redevelopment or rehabilitation costs.

- A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, **and** the property has been vacant for at least 90 days.
- A property “has been foreclosed upon” at the point that, under state or local law, the mortgage or tax foreclosure is complete. The U. S. Department of Housing and Urban Development (HUD) generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law.
- A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.
- Resale and Carrying Cost Restrictions. Note that the maximum sales price for a property is determined by aggregating all costs of acquisition, rehabilitation, and redevelopment (including related activity delivery costs, which generally may include, among other items, costs related to the sale of the property). In determining the sales price limitation, HUD will not consider the costs of boarding up, lawn mowing, simply maintaining the property in a static condition, or, in the absence of NSP-assisted rehabilitation or redevelopment of the property, the costs of completing a sales transaction or other disposition to be redevelopment or rehabilitation costs. These costs may not be included by the grantee in the determination of the sales price for an NSP-assisted property.
- For Site Acquisition financing, an appraisal of the property is to be acquired evidencing one percent discount.
- Current market appraised value. The current market appraised value means the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the Federal Uniform Relocation Act (URA) at 49 Code of Federal Regulations (CFR) 24.103, and completed within 60 days prior to an offer made for the property by a grantee, subrecipient, developer, or individual homebuyer.

### **Disbursement of Funds**

For acquisition and rehabilitation, funds will be disbursed only for costs actually incurred. Payment for construction costs will be made on a progress payment basis, subject to approval of each draw request by the City. The City will retain ten percent of the amount budgeted for construction as a performance retention, to be released upon recordation of a Notice of Completion, release of all liens, and satisfactory compliance with any other City requirements, including City contracting programs. Additionally, the City will retain an amount equal to the portion of the developer fee to be paid upon receipt and approval of a cost certification.

### **Equal Employment Opportunities**

Project Sponsors selected under this NOFA will be required to comply with local and federal procurement requirements, including the provision of equal employment opportunities for disadvantaged business consultants, architects, contractors, and other potential development team members to participate in projects funded under this NOFA.

## **Insurance**

During development, developers must obtain comprehensive general liability and property (hazard) insurance coverage of at least \$2 million per occurrence. The City also requires property damage or builder's risk insurance in an amount equal to 100 percent of the replacement cost of the structure, with a lender's loss payable endorsement in favor of the City. Construction contractors will be required to obtain liability and builders risk insurance in an amount equal to \$2 million. Automobile insurance, professional liability, workers compensation, and employer's liability coverage are also required.

## **Environmental Review**

Depending on conditions at the project site and the scope of rehabilitation, proposed developments may be subject to review under the California Environmental Quality Act (CEQA), the National Environmental Policy Act (NEPA), the National Historic Preservation Act (NHPA), and specifically the Section 106 historical resources preservation review. Depending on the location of the proposed project, review by the City Planning Division may be required. Since Federal funds are being used for this NOFA, then applicants to this NOFA must not undertake activities, including acquisition, that would have an adverse environmental impact or limit the choice of reasonable alternatives between the time of application submittal and completion of the NEPA/NHPA/Section 106 review process. This review and clearance process is the joint responsibility of the applicant and the City.

## **Prevailing Wages**

Projects selected for funding under this NOFA will be subject to applicable state and/or Federal requirements with regard to labor standards. Developers should take prevailing wage requirements and labor standards into account when seeking estimates for contracted work, especially the cost of construction, and other work to which the requirements apply, and when preparing development budgets overall.

## **Sustainable Design**

The Housing and Community Development Division seeks to maximize the overall sustainability of financed projects through the integrated use of "green" building elements in partnership with the Green Communities Initiative established by Enterprise and Natural Resources Defense Council (NRDC) (see <http://www.greencommunitiesonline.org> ).

## **Payment and Performance Bonds**

General contractors will be required to provide payment and performance bonds equal to 100 percent of the construction contract amount.

## **NSP Links**

The NSP links to the NSP Federal Register, the Federal Register update, and the NSP Frequently Asked Questions are listed below:

<http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/nsp1.cfm>

[http://www.hud.gov/utilities/intercept.cfm?/offices/cpd/communitydevelopment/programs/neighborhoodspg/pdf/nsp1\\_bridgenotice.pdf](http://www.hud.gov/utilities/intercept.cfm?/offices/cpd/communitydevelopment/programs/neighborhoodspg/pdf/nsp1_bridgenotice.pdf)

<http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/nspfaq.cfm>