



Request for Qualifications Milwaukee Employment/Renovation Initiative (MERI) 2.0

SUMMARY

The City of Milwaukee (City) owns almost 800 houses acquired through property tax foreclosure. In 2016, the Wisconsin Department of Financial Institutions (DFI) provided the City with grant funds to renovate a portion of the City's inventory of foreclosed houses. The grant was used to implement the Milwaukee Employment/Renovation Initiative (MERI). Through the MERI program, developers were able to purchase City owned tax foreclosed properties for \$1.00 per property and receive a grant of up to \$10,000 per property provided that they renovated the property and hired unemployed or underemployed individuals to work on the renovation.

To date, over 100 homes were renovated under the MERI program and through MERI's employment efforts, 33,000 worker hours were achieved. The City of Milwaukee wants to build on the success and experience of the MERI Program and continue its efforts to renovate City owned tax foreclosed properties and provide employment and housing opportunities for City residents.

The goals of MERI 2.0:

- Sell, renovate and reoccupy up to 100 vacant foreclosed City owned houses.
- Cluster redevelopment efforts in a manner that results in a positive impact for the surrounding neighborhood
- Provide construction opportunities for local small business enterprises and job opportunities for local residents
- Provide development opportunities for emerging developers

This Request for Qualifications (RFQ) seeks proposals from developers who wish to participate in MERI 2.0. MERI 2.0 will provide the following:

- City owned tax foreclosed properties for a \$1.00 or an alternative discounted purchase price (depending on location and condition of property)
- A **"workforce subsidy"** of up to \$5,000 per house that is rehabilitated, provided that at least one unemployed or underemployed individual(s) has been hired to work on the renovation of the house. The amount of the subsidy will be based on the number of unemployed or underemployed worker hours achieved, with a minimum of 300 hours required to receive the maximum workforce subsidy of \$5,000.
- A **"development subsidy"** of up to \$15,000 per property to provide "gap financing" for the redevelopment of the property. The amount of the subsidy will be based on the condition of the property and the estimated value of the property after rehabilitation. (Note: additional funding may be available for properties selected from the City's "demolition" list.)

In addition to this RFQ, there is a separate “Application Information and Proposal.” This form must be completed by developers who wish to be considered for participation in MERI 2.0. Submittal deadline is 11:00 A.m. on Thursday, November 14, 2019. The application must be completed electronically, and submitted in hard copy (typed in the form, printed and submitted with your proposal) along with the required attachments.

MERI 2.0 PROJECT DESCRIPTION

Property/neighborhood selection

MERI 2.0 will assign developers to work in geographic clusters. Developers will receive the right of first refusal to purchase all available City owned foreclosed properties in their geographic cluster (Developers will be offered properties after properties are first listed/offered for owner occupancy). The goal of this approach will be to enhance the development impact on the neighborhood and create efficiencies in the development process. Development clusters will primarily be located in the 6th, 7th and 15th Aldermanic Districts. These three districts are roughly bounded by Capitol Drive on the North, Vliet Street on the South, the Milwaukee River on the East and 51st Street on the West.

Because the City acquires properties on a continuous basis, properties for the project will be identified, sold and transferred over a twenty four month period. Developers should have the capacity, and should commit to the acquisition and development of a minimum of five properties during a 24 month time period.

Depending on the neighborhood and property condition, properties will be sold for \$1.00 or a discounted purchase price. Regardless of purchase price, buyers will be responsible for payment of closing costs (approximately \$700 per property) and where applicable, listing broker commissions (approximately \$500 per property). No buyer broker commissions will be paid for properties purchased for MERI 2.0.

End use of rehabilitated properties

Renovated properties may be used as rental properties, used in a rent-to-own program, or resold to owner-occupants after properties have been rehabilitated to a code compliant standard. If a developer plans to manage the properties as rentals or rent-to-own units, the proposal must identify a local individual or firm responsible for ongoing management and maintenance. Unless properties are sold to an owner-occupant, developers must retain ownership for at least five years. Under no circumstances may properties be “flipped” to another investor-owner.

Rehabilitation standards

All properties must be rehabilitated to meet or exceed a standard of exterior and interior code compliance. The City will supply a scope of minimum repair work, written at the time the property was acquired by the City. However, because vandalism and other factors may have caused property deterioration not reflected in the scope, developers should consider this scope as a starting point for renovation.

Developers will be responsible for obtaining all required permits, using lead-safe renovation practices in accordance with local, state and federal requirements, and scheduling a code compliance inspection with the Department of Neighborhood Services. All contractors and sub-contractors must have a City of Milwaukee home improvement contractor’s license.

Emerging Developer Goal

The City is committed to supporting the advancement of Emerging Developers. Therefore, the City has a goal of providing 40% of MERI 2.0 funding for Emerging Developers.

As part of these efforts, the City will work with local lenders, development mentors and others to provide assistance to Emerging Developers participating in the MERI 2.0 Initiative.

Emerging Developers include developers who are working to build their capacity and business and are graduates of Milwaukee's ACRE program or with education and/or background in a real estate development related field, with a limited portfolio of development work and/or who are at an economic disadvantage within the development community due to lack of business capital, credit or borrowing opportunities under circumstances favorable to those generally experienced by established developers.

MERI 2.0 Subsidies

As indicated, MERI 2.0 will provide both workforce and development subsidies:

Workforce subsidies - Employment requirements

In order to receive reimbursement of workforce subsidies under the program, the developer must provide payroll documentation that an unemployed or underemployed individual(s) (defined below) who live(s) in the City of Milwaukee was employed fulltime for at least 300 hours during the rehabilitation project. At least one individual must be employed for every property being renovated. Participating developers will be eligible for a subsidy of \$5,000 per property, provided an average minimum of 300 worker hours per property are documented for the unemployed/underemployed individual(s).

For the purposes of MERI 2.0, individuals who live in the City of Milwaukee and meet at least one of the following qualifications will meet the employment requirement:

- 1) Individual referred by a local construction trades training program. This could be an individual who is currently enrolled in or a graduate of such a program OR
- 2) Individual referred by the Compete Milwaukee transitional jobs program OR
- 3) Individual certified as qualifying of the City's Residents Preference Program (RPP)

At least 25% of the worker hours that meet the requirements above must be performed by individuals who reside in one of the following zip codes: 53204, 53205, 53206, 53208, 53210, 53212, 53215, 53218 or 53233.

See Attachment A for suggested sources of worker referrals and information about RPP certification.

Wages paid to the individual must meet or exceed the City's Living Wage standard. At the time of this RFQ, the 2019 Living Wage standard is \$11.32/hour. The City's Living Wage standard is adjusted annually in the first quarter of the year. Developers will be required to document wage payments using the City's Living Wage Payroll reporting form and track the zip codes of the residences of the workers hired for the project. Additional employment and wage documentation may be required at the point of hiring and when reimbursement is requested.

Development subsidies/Disbursement

Development subsidies will be provided to provide gap financing for properties redeveloped under the program. Subsidies of up to \$15,000 per property will be provided to reflect the difference between the costs of renovation and the after rehabilitation value of the property. A sliding scale will be utilized to recognize the differences in both property and market conditions.

50% of the development subsidy for each property will be paid at 50% construction completion and 50% of the development subsidy for each property will be paid upon submission of a Certificate of Code Compliance for the property.

Small Business Enterprise contracting

In order to provide business and employment opportunities for Milwaukee firms and residents, developers are asked to commit to spending at least 25% of construction contract dollars with certified Small Business Enterprises (SBE). A directory of SBE contractors is available at www.city.milwaukee.gov/OSBD. This web site also provides information about how a construction contractor can apply for SBE certification. Developers will be required to submit documentation regarding SBE participation.

Availability of other City rehabilitation funds

Recipients of grants through this initiative are not eligible to receive loans or grants through other home rehabilitation loan/grant programs operated by the Department of City Development ("DCD"), the Neighborhood Improvement Development Corporation or the City of Milwaukee.

Development Agreement

Successful respondents will be required to enter a development agreement with the City of Milwaukee. Proof of financing for the renovation work will be required prior to closing on individual properties.

Project schedule

The project will proceed on the following schedule.

October 9, 2019: RFQ released

October 29th, 2019: Pre-proposal information meeting

November 1, 2019: Deadline date for questions

November 7, 2019: Date of posting addendum providing answers to questions

November 14, 2019: Deadline for receipt of responses to RFQ

December 15, 2019: Estimated date of announcement of grant awards

February 28, 2019: Deadline for executing development agreement

If funds remain following evaluation of the proposals submitted for this Request for Qualifications, DCD reserves the right to re-issue this RFQ. If funds awarded through this RFQ are recaptured because a developer fails to close the sale and execute a development agreement by the stated deadline or meet the progress and completion benchmarks in their development agreement, DCD reserves the right to sell additional properties and award additional grant funds to successful respondents that have the capacity to complete rehabilitation of additional units by the project completion deadline.

DEVELOPER SELECTION

Proposals will be evaluated on the following 100-point scale:

- Experience, capacity and potential – ability of entity to acquire, hold, develop, and/or own and manage scattered site, tax-foreclosed properties and the experience and qualifications of key team members responsible for the implementation of the activities (0-45 points)
- Financial capacity – ability to leverage additional investment (0-30 points)
- MERI 2.0 employment plan – ability of respondent to employ under and underemployed individuals and to leverage relationships with training and workforce development agencies (0-15 points)
- Commitment to work with small business enterprises in contracting activities (0-10 points)

DCD reserves the right to determine the number of properties and level of grant funding awarded to each qualified respondent, to best meet overall project objectives.

In accordance with City requirements that apply to buyers of City-owned property (MCO 304-49-9 a-e), proposals will be considered non-responsive and will be disqualified, if any of the following apply to the applicant or any organization/business the applicant is associated with:

- a. Delinquent in the payment of any property tax, special assessment, special charge or special tax to the city.
- b. A party against whom the city has an outstanding judgment.
- c. A party against whom the city has outstanding health or building code violations or orders from the city's health department or department of neighborhood services that are not actively being abated.
- d. A party who has been convicted of violating an order of the health department or department of neighborhood services within the past year.
- e. A party who owned property in the city that, at any time within the past 5 years, the city acquired by means of property-tax foreclosure.

RESPONDING TO THIS RFQ

To respond to this RFQ, complete the MERI 2.0 Application Information and Proposal and submit required additional documents listed in the Application. The application must be completed electronically.

Submit one printed original and 5 (five) copies of the proposal to the Department of City Development Bid Desk no later than 11:00 A.m., Thursday, November 14, 2019. Late submissions will be disqualified and will be returned to the applicant.

Proposals should be mailed or delivered in and envelope to:

Bid Desk
Department of City Development
809 North Broadway, 2nd floor
Milwaukee, WI 53202-3617

Proposals must be clearly marked: Milwaukee Employment/Renovation Initiative 2.0 (Meri 2.0)

For proposals submitted by courier delivery service (e.g., UPS®, FedEx®, etc.) the building at the address above does not open until 8:00 a.m. Instructions to the delivery services should be explicit in regard to that time as well as the above noted address of the bid desk. Without such instructions, a package may not be delivered on-time to the correct location within the City of Milwaukee complex.

QUESTIONS ABOUT THIS RFQ

All questions and communication regarding this RFQ process must be submitted **in writing** via e-mail to Scott Stange at scott.stange@milwaukee.gov and sent no later than 4:45 (CST) on November 1, 2019. Questions initiated after that date and time will not be considered. Any additional information, clarification and answer to the questions submitted by the deadline date will be posted as noted in the project schedule at the following website: www.city.milwaukee.gov/DCD/RFPs

Applicants are responsible for keeping informed of the information, clarification and answers to questions as they are posted. All such addenda shall become part of the RFQ and all applicants shall be bound by such, whether or not the applicant receives or reads the addenda.

PRE-SUBMISSION INFORMATIONAL MEETING

The City will be holding a Pre-Submission Informational Meeting on the Request for Proposals on Tuesday, October 29th at 2:00 p.m. at the Washington Park Library, 2121 North Sherman Boulevard. Interested respondents are **strongly encouraged** to attend. The meeting will include an overview of the initiative and provide an opportunity to ask questions.

General RFQ Requirements

1. Interpretations of RFQ – Any requests for interpretation should be submitted in writing to Scott Stange by email to sstang@milwaukee.gov. No oral interpretations will be made to any Developer as to the meaning of the RFQ requirements. All interpretations will be posted and answered on the Internet. If you received your RFQ from the Internet you will be responsible for keeping abreast of the addenda as they come in. All such addenda shall become a part of the RFQ, and all Developers shall be bound by such, whether or not received by the Developer.

2. Receipt of Proposals - Proposals received prior to the time of opening will be secure. The officer whose duty it is to open them will decide when the specified time has arrived, and no proposal received thereafter will be considered. No responsibility will be attached to an officer for the premature opening of a proposal not properly addressed and identified.

Developers are cautioned to allow ample time for transmittal of proposals by mail or otherwise. Developers should secure correct information relative to the probable time of arrival and distribution of mail at the place where proposals are to be forwarded.

3. Withdrawal of Proposals - Proposals may be withdrawn on written request dispatched by the Developer in time for delivery in the normal course of business prior to the time fixed for closing. Negligence on the part of the Developer in preparing a proposal for offer to DCD confers no right of withdrawal or modification of the proposal after such proposal has been opened. In case of withdrawal of a proposal by a Developer, the Developer will be disqualified thereby from submitting a second proposal on the contract at hand.

4. Rejection of Proposals - DCD reserves the right to reject the proposal of any Developer who has previously failed to perform properly or to complete on time contracts of a similar nature, who is not in a position to perform the contract, or who has habitually and without just cause neglected the payment of bills or otherwise disregarded his obligations to subcontractors or employees.

5. Award of Grants - DCD Staff will evaluate proposals. All proposals will be evaluated against the evaluation factors stated in this RFQ. No information will be available to any Developer regarding the status of his/her response. However, DCD reserves the right to enter into discussion with Developers for purposes of clarification or further information. Following ranking of proposals, the evaluation team may invite the highest ranked firm/individual(s) to participate in an interview.

6. Notification -- After the grant recipients are selected, all parties that submitted a proposal will receive a written acknowledgment of their proposals. DCD will not reimburse firms for any expenses associated with the submission of proposals or participation in the interviews.

7. Development and sale agreement – DCD will enter into a development and sale agreement with grant recipients, after property selection is completed.

8. Miscellaneous - DCD reserves the right to waive informalities in any proposals, reject any or all proposals in whole or in part, with or without cause, and to accept those proposals which in its judgment best meet its needs.

9. Equal Employment Opportunity - The Developer agrees that there will not be discrimination as to race, sex, sexual orientation, religion, color, age, creed, or national origin in regard to obligation, work, and services performed under the terms of any contract ensuing from this RFQ. Developer must agree to comply with

Executive Order No. 11246, entitled "Equal Employment Opportunity" and as amended by Executive Order No. 11375, as supplemented by the Department of Labor Regulations (41 CFR, Part 60).

10. Indemnification - The Developer agrees that it will indemnify, save and hold harmless DCD and the City of Milwaukee, their officers, employees, or agents, from and against all claims, demands, actions, damages, loss, costs, liabilities, expenses, judgments, and litigation costs, including reasonable attorney's fees, photocopying expenses and expert witness fees, recovered from or asserted against DCD or the City of Milwaukee on account of injury or damage to person or property or breach of contract to the extent that such damage, injury, or breach may be incident to, arising out of, or be caused, either directly or proximately, wholly or in part, by an act or omission, negligence or misconduct on the part of the Developer or any of its agents, servants, employees or subcontractors.

DCD shall tender the defense of any claim or action at law or in equity, arising out of or otherwise related to an act or omission, negligence, misconduct, or breach of contract on the part of the Developer or any of its agents, servants, employees or subcontractors, to the Developer or its insurer and, upon such tender, it shall be the duty of the Developer and its insurer to defend such claim or action without cost or expense to DCD.

11. Wisconsin Public Records Law - Both parties understand that the City of Milwaukee is bound by the Wisconsin Public Records Law, and as such, all of the terms of this Agreement are subject to and conditioned on the provisions of Wis. Stat. 19.21, et seq. The Developer acknowledges that it is obligated to assist DCD in retaining and producing records that are subject to Wisconsin Public Records Law, and that the failure to do so shall constitute a material breach of this Agreement, and that the Developer must defend and hold DCD harmless from liability under that law. Except as otherwise authorized, those records shall be maintained for a period of seven years after receipt of final payment under this Agreement.

ATTACHMENT A
Sources for Workers

In order to receive reimbursement of up to \$5,000 of rehabilitation costs, the developer must provide:

- 1) Documentation that rehabilitation expenses exceed \$5,000 and proof that payment has been made to contractors and suppliers. Receipts for cash payments will not be accepted.
- 2) Payroll documentation that an unemployed or underemployed individual (defined below) who lives in the city of Milwaukee was employed for at least 300 hours on the rehabilitation project. 300 hours must be worked for every property being renovated. (For example, if a developer buys 5 properties, the developer must document at least 1,500 work hours and rehabilitation expenditures exceeding \$25,000 in order to receive reimbursement of up to \$25,000 in rehabilitation expenses.)

For purposes of MERI 2.0, individuals who live in the City of Milwaukee and meet at least one of the following qualifications will meet the employment requirement:

- 1) Individual referred by a construction trades training program. This could be an individual who is currently enrolled or a graduate of such a program OR
- 2) Individual referred by the Compete Milwaukee transitional jobs program OR
- 3) Individual certified as qualifying for the City's Residents Preference Program (RPP).

At least 25% of the worker hours that meet the requirements above must be performed by individuals who reside in one of the following zip codes: 53204, 53205, 53206, 53208, 53210, 53212, 53215, 53218 or 53233.

The following individuals and organizations may be able to connect developers with individuals who meet one or more of those qualifications.

Duran Skills and Trades
Construction Training Program
Contact: Kevin Teasley
Duranskillsandtrades@gmail.com

Compete Milwaukee
Transitional Jobs Program
Contact: Andrew Simons
Andrew.simons@milwaukee.gov

Redemptive Training Services
Construction Training Program
Contact: Giles Patterson
redemptivetrainingservices@gmail.com

Milwaukee Builds
Construction Training Program
Contact: Tony Kearney
tkearney15@yahoo.com

Mindful Staffing Services
Referrals of RPP-certified
construction workers
Contact: Reginald Reed
reginald@mindfulstaff.com

Milwaukee Christian Center YouthBuild
Construction Training Program
Contact: Lois Nugent
lnugent@mcc.wi.org
Contact: Carla Dorn
cdorn@mcc.wi.org

Ezekiel Community Development Corp.
Construction Training Program
Contact: Jim Galliard
Jimg@ezekielcdc.com

Wisconsin Regional Training Partnership
Construction Training Program
Contact: Laura Heller
lheller@wrtp.org

Residents Preference Program Certification Info
<http://city.milwaukee.gov/OSBD/RPP#.WG2QYWc0N9A>

REQUEST FOR QUALIFICATIONS (RFQ) SUBMITTAL CHECKLIST

Parties interested in submitting a response to this RFQ, must complete all the following documents and submit them with their response.

FAILURE TO SUBMIT ANY ONE OF THE DOCUMENTS LISTED BELOW WILL RESULT IN YOUR RESPONSE BEING CONSIDERED NON-RESPONSIVE AND WILL BE DISQUALIFIED.

All applicants must submit items 1 and 2.

All applicants must submit **either** item 3 **or** 4.

1. Application Information and Proposal (typed online, printed and submitted).
2. Attach detailed information about up to five distressed properties applicant has renovated.
3. For-profit applicants: Attach a separate sheet disclosing all members and managers.
4. Non-profit organizations: Attach each of the following:
 - A. IRS letter of determination*
 - B. A list of current board members
 - C. A copy of the organization's mission statement

*If you do not have an IRS letter of determination, you will be considered a For-Profit applicant, and should submit all information under item 3.