



## CITY OF MIAMI GARDENS

### NEIGHBORHOOD STABILIZATION PROGRAM 3 HOUSING DEVELOPMENT REQUEST FOR PROPOSALS

#### QUESTIONS AND ANSWERS

1. Is the attached Miami Gardens NSP Round 3 package the package latest RFP that a developer should be using for a multi-family development? **Yes, this is the RFP that a developer would use to submit a proposal for multi-family development. The document that was posted will be amended to read: "Housing Development" versus "Single Family Development" as it was not our intent to limit the proposal for single family development.**
2. Can developer use NSP 3 funds to purchase properties it has under contract prior to being approved for NSP3 funds? **If the developer is funded under this RFP, the City will consider any properties under contract and if determined eligible, fund the acquisitions. The City must approve and clear all acquisitions made under NSP3.**
3. Can NSP3 funds be utilized on properties developer already owns? **NSP3 funds can be utilized for the rehabilitation of the property and homeownership assistance for the resale as long as the property is determined eligible under the NSP3 guidelines.**
4. From the RFP: "Developer fees, along with any other fees earned by the Developer or affiliated entities, including contractor and realty fees, must be approved by the City and will not exceed 10%." Does that mean that developer's fees plus contractor's fees together cannot exceed 10% or developer's fees cannot exceed 10% and contractor's fees cannot exceed 10%? **As a point of clarification, the developer's fees must not exceed 10%. As it relates to the contractor's fees, this will depend on the applicant's proposal of activities to be carried out and the role of the developer. If the developer serves in both capacities, the fee will be capped at 10%. However, the City will review all submittals and determine if the proposed costs are reasonable in comparison to the proposed activities.**
5. The RFP discusses possibility of "excess proceeds." What about the possibility of costs exceeding sales price as determined by appraised values that continue to fall? If costs are \$120,000 of which NSP contributed ½ and the developer contributed the other \$60,000 and the house appraises at \$100,000, does the developer receive his full return of his investment? **In carrying our NSP1, our experience has typically been costs exceeding the sales price. As such, we anticipate the same situation with NSP3 properties. In cases such as these, the developer will be reimbursed for the total of their investment. Please note, the City will expect the applicant to submit expected rehabilitation standards and estimated corresponding costs/budgets.**

6. The RFP says that the affordability period will be imposed “by note and mortgage provided by the NSP grantee and naming the grantee as mortgagee.” When the developer sells the home to the potential homebuyer, and the homebuyer obtains financing for 100% of the sales price through a lending institution will the City be asking the bank to include the language of the affordability period in its loan and mortgage? Or do you anticipate that all buyers will need the subsidy financing from the City/NSP and thus use the City provided loan/mortgage? **It has been our experience thus far that every buyer has needed some amount of assistance, whether as a reduction to the sales price, to cover the closing costs, or assistance with the first year insurance premiums, etc. The note and mortgage will be for the amount of the assistance, regardless how small. This depends strongly on the DTI ratios which are 33% and 45%, and in most our previous sales, the CLTV has been 105%. As a note, we will not sell the homes to cash buyers as those individuals would not qualify under the program eligibility requirements.**
  
7. The City has determined the two Target Areas. The City says it will award 10 points for projects in “Strategic Location.” It would appear that as long as properties being considered are in the Target Areas that they would qualify for “strategic location” points. Is that correct? **No, all activities have to be carried out in the Target Areas. What “Strategic Location” refers to is that a project will be carried out either on a main corridor, a specific subdivision, a confined area adjacent to a school or park, etc. versus scattered within the target areas. This would concentrate the effort even further thus creating a broader impact within the target area/s.**
  
8. The RFP states: “Neighborhoods containing strategically located projects should be identified in a municipal or community-based plan as being targeted for stabilization, . . .” It appears that the Target Areas that the City selected fill that requirement. What more can an applicant supply in its proposal to the City other than proof that the properties are located in the Target Area in order to score “Strategic Location” points? **The answer to the previous question applies here as well.**