



CITY OF PALMDALE

Economic Development Department

Housing Division

NEIGHBORHOOD STABILIZATION PROGRAM

**REQUEST FOR QUALIFICATIONS /
NOTICE OF FUNDING AVAILABILITY**

**ACQUISITION - REHABILITATION - DISPOSITION
OF FORECLOSED OR ABANDONED RESIDENTIAL PROPERTIES**

City of Palmdale
Economic Development Department
Housing Division
38250 Sierra Highway
Palmdale, CA 93550

TABLE OF CONTENTS

	<i>Page</i>
Overview	
Funds Available	2
Eligible Activities	3
Eligible Beneficiaries & Affordability Requirements	4
RFQ – Qualification Criteria	5
Project Selection Process	6
RFQ Submission	7
Who to Contact with Questions	7
Exhibit A	8
Exhibit B	9
Application Instructions	10
Application Checklist	10
Application	A - B

INTRODUCTION

It is the intent of the City of Palmdale under this RFQ / NOFA to use NSP funds to subsidize the acquisition, rehabilitation and disposition of affordable housing. To achieve this, the City first requests that Applicants submit their qualifications for review and City approval. The City will make every effort to review and qualify Applicant Developer Partners and Realtor/Brokers within seven (7) days of receipt. If approved by the City, the Applicant Development Partner or Realtor/Broker will receive written notification to proceed with the work necessary to submit specific projects to the City under this open-ended NOFA for funding consideration.

Time is of the essence. The City will make every effort to review project submittals from approved Development Partners or Realtor/Brokers in an expedited manner.

OVERVIEW

I. Funds Available

The Neighborhood Stabilization Program (NSP), a source of housing development funds created under Title III of Division B of the Housing and Economic Recovery Act of 2008 (HERA) (Public Law 110-289, approved July 30, 2008) has allocated funds for the purpose of assisting in the redevelopment of abandoned and foreclosed homes under the Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes, referred to as the Neighborhood Stabilization Program. HUD has allocated \$7,434,301 of NSP funds to the City of Palmdale. The NSP grant is a special one-time appropriation. Projects or activities for which these funds are to be expended have been identified in the substantial amendment to the City's Consolidated Plan and Action Plan submitted to and approved by the U.S. Department of Housing and Urban Development (HUD). The City of Palmdale has Neighborhood Stabilization Program (NSP) funds available for the acquisition, rehabilitation and disposition (for owner or renter occupancy) of foreclosed or abandoned residential properties.

The term foreclosed is defined in the NSP Notice (**FR-5255-N-01 as amended by the Bridge Notice issued as FR-5255-N-02**) as "*Foreclosed*. A property "has been foreclosed upon" at the point that, under state or local law, the mortgage or tax foreclosure is complete. 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." The term vacant is defined in the NSP Frequently Asked Questions as being inclusive of vacant buildings and vacant land. The term abandoned is defined in the NSP Regulations as: "*Abandoned*. 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. *Blighted structure*. A structure is

blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.”

A portion of the funds available (\$1,858,580) may only be used to acquire, rehabilitate, and re-sell or rent affordably through the NSP to households at or below 50% of the area median income (AMI) adjusted for household size as promulgated by the U.S. Department of Housing and Urban Development (HUD). The funds available are as follows:

Activity	Funds Available
Acquisition, Rehabilitation, Disposition of Vacant or Abandoned Residential Units	\$3,332,291
Acquisition, Rehabilitation, Disposition of Vacant or Abandoned Residential Units for households below 50% of AMI	\$1,858,580
TOTAL:	\$5,190,871

II. Eligible Activity Covered by this NOFA

Following City approval of Applicant qualifications (Part One of the Application), Applicant organizations are invited to submit specific eligible projects. The eligible activity covered by this NOFA is the acquisition, rehabilitation and affordable re-sale to owner-occupants or affordable rental to households meeting the 120% or 50% AMI income limits. Properties acquired must be foreclosed or abandoned residential properties located within the eligible census tracts and block groups designated in Exhibit A of this NOFA. Properties may be single-family properties (as a portfolio) or multi-family properties. Applicants shall identify a residential property or properties to be acquired by Applicant and the City of Palmdale pursuant to a Development Agreement (DA) with affordability covenants. The affordability period will be within the HOME Investment Partnership Act (HOME) regulations of 15 years on for-sale single family dwellings and 20 years for rental properties. If other funding sources are utilized by the Applicant or City for acquisition or rehabilitation, the affordability period may need to be adjusted to comply with the most stringent funding source requirements applicable. As applicable, the City of Palmdale will monitor the properties for income qualification, affordable rents, and other associated HUD or local requirements on an annual basis for the duration of the covenants.

Properties acquired as part of the proposed activity shall be purchased at a discount of not less than 1% off of the appraised value. This is to comply with the 1% purchase discount requirement under the NSP regulations.

Where possible, Applicants are encouraged to propose projects that prevent or minimize displacement, such as acquisition of vacant foreclosed properties or properties being voluntarily sold by a bank subsequent to foreclosure. Rehabilitation activities

shall, to the greatest extent feasible, require only temporary relocation. If funds will be used in a project that involves acquisition of a property with residential or commercial tenants, federal Uniform Relocation Act or Section 104(d) requirements must be met. In addition, certain NSP Tenant Protections are in effect pursuant to the HUD Memorandum attached as Exhibit B to this NOFA.

III. Eligible Beneficiaries and Affordability Requirements

Eligible Household Incomes: Projects supported by NSP funds under the activity described herein must provide housing that is affordable to income-eligible households up to 120% of the Area Median Income ("AMI"), except for those units assisted with the \$1,858,580 that is reserved for use on units for housing that is affordable to income-eligible households up to 50% of AMI. Subsequent to qualification through the RFQ, Applicants are strongly encouraged, but not required to exclusively submit projects that provide housing that is affordable to income-eligible households up to 50% of AMI.

Income Guidelines for Projects Supported by NSP Funds					
<i>Effective December 11, 2012</i>					
Percent of Area Median Income	Household Size				
	1	2	3	4	5
120% AMI	\$69,550	\$79,500	\$89,400	\$99,350	\$107,300
50% AMI	\$29,000	\$33,150	\$37,300	\$41,400	\$ 44,750

Below Market Rate Rents: In addition to the above income limits, City Staff will review each proposed rental project to assure that proposed rents are below the market rate for the area, thus providing an affordable housing opportunity not otherwise available in the community.

Affordability Requirements (Rental Housing): Rent, including utilities, may not exceed 30 percent of the maximum monthly income level established for each assisted housing unit. The maximum allowable rents each year will be based on City of Palmdale household income guidelines published annually by the U.S. Department of Housing and Urban Development. In projects where housing will be rehabilitated, rents charged after rehabilitation should not exceed the prior rent levels.

Affordability Requirements (Owner Housing):

Single-family residential properties may be acquired, rehabilitated and re-sold to LMMH eligible households. For resale projects to LMMH eligible households, housing counseling and education for homebuyers is an eligible project expense under NSP.

IV. RFQ – Qualification Criteria

The program is open to two groups. The first is non-profit and for-profit affordable housing developers and operators. This group is eligible to apply to become approved Development Partners for the purpose of proposing specific projects for funding consideration under this open-ended NOFA. The second group is Brokers/Realtors. This second group is eligible to apply and become an approved Broker/Realtor for the purpose of presenting eligible foreclosed properties to the City for purchase by the City and/or to represent the City in the sale of City owned properties purchased with NSP funds. The following section provides further information on the requirements to qualify for either group.

Applicants will be assessed on their capability and experience as an organization and as a development team. For those applying under the first group (non-profit and for profit affordable housing developer and operators), all of the following qualifications are desired by the City and should be addressed succinctly and clearly in the application narrative. For those applying under the second group (Realtor/Broker), qualifications 1 and 7 are desired and should be addressed in the application narrative.

1. An Applicant under this category must have extensive real estate experience relating to both acquisition and disposition of single family homes, condominiums, and/or townhomes, evidenced by the acquisition and sale of a minimum of 40 owner-occupied homes in the previous 5 years. The Applicant's experience must include negotiating directly with sellers to acquire property; negotiating directly with buyers to sell property; and listing, marketing and placing property on the Multiple Listing Service. The Applicant must hold a current California real estate broker license and be in good standing with the California Department of Real Estate (or employ one or more individual(s) who satisfy this requirement). – OR –
2. The Applicant under this category must have extensive rehabilitation and construction experience, including substantial rehabilitation of a minimum of 20 owner-occupied homes (specifically single-family homes, condominiums, or townhomes) in the previous 5 years. The Applicant's proposal must show that the Applicant has substantial experience evaluating the condition of homes, including testing for lead based paint and asbestos; evaluating and remedying building code violations, including illegal room additions and conversions; preparing a written scope of the anticipated rehabilitation work to be performed at residential properties; determining and budgeting for anticipated rehabilitation costs including preparation of project budgets; and obtaining required building permits and inspections. The Applicant must hold a current California general contractor license (minimum "B" license) that is in good standing. – OR –
3. The Applicant under this category must have substantial property management experience during the previous 5 years, including providing maintenance and

security services. Each Applicant's initial proposal submitted in response to the City's RFP/Q shall include a "Holding Period Plan" that sets forth the Applicant's proposed method and procedure for maintaining the physical condition and security of homes acquired by that Applicant during the entire period during which the Applicant owns the home, from acquisition by the Applicant through resale to an Eligible Household ("Holding Period"). The Holding Period Plan shall require the Applicant to maintain a green lawn in front of each home, if applicable and in the public view, by periodically watering the lawn or taking such other measures as are approved by the Director of Redevelopment. In addition, the Holding Period Plan shall require the Applicant to maintain each home free of debris, weeds, graffiti, vermin, vagrants, squatters, and other nuisance conditions during the entire Holding Period and maintain the security of each home to ensure that squatters, vagrants, and members of the public are unable to enter the home or obtain access to the back yard or other non-public areas of the home. – OR -

4. The Applicant must have experience during the previous 5 years obtaining financing from financial institutions and public entities to acquire and/or rehabilitate property and the Applicant's proposal must show that the Applicant will be able to leverage the NSP funds with other funding sources to assist the financing of the acquisition, rehabilitation, and resale of the homes.
5. The Applicant must have experience during the last 10 years working with local governmental entities to rehabilitate or construct residential property. The Applicant's experience must include an in-depth understanding of government regulations, program administration, and funding sources.
6. The Applicant must be knowledgeable regarding the Neighborhood Stabilization Program.
7. The Applicant must provide references and other documentation to evidence the Applicant's relevant experience and performance record to satisfy the above listed requirements.

V. Project Selection Process

Upon receipt of specific project submittals from approved Developer Partners or property submittals from Realtors/Brokers, City staff will review the proposals to confirm the eligibility of the proposed property(ies) and assess the feasibility of the development and re-sale or rental plan for Development Partners and assess the feasibility of the acquisition for Realtors/Brokers. Upon successful completion of this review, Staff will evaluate specific project or property submittals according to the following criteria:

- Magnitude of need and compatibility with priorities identified in the City of Palmdale Consolidated Plan – NSP Substantial Amendment to the 2008 Action Plan
- Compliance with the NSP Requirements applicable to the activity
- Appropriateness of the site, structure, and program design for the proposed residents
- Financial feasibility of the project
- Feasibility of project design and scope of work

For Development Partner projects, pursuant to a Development Agreement (DA) to be drafted jointly by City Staff and the approved Developer Partner, Staff will recommend NSP funding of the DA to the City Council. For Realtor/Broker projects, pursuant to a purchase offer drafted by the Realtor/Broker and approved by the City, staff will recommend NSP funding of the acquisition to the City Council. City Council funding decisions will be final.

Disclaimer: City of Palmdale reserves the right to not award all available funds if submitted proposals do not meet the criteria applicable to the available funds. Funds shall remain available until committed to eligible developments or are otherwise reallocated by the City Council to other eligible activities. Federal deadlines for fund commitment may require reallocation of NSP funds if implementation of the project is significantly delayed.

VI. RFQ Submission

Applicants are encouraged to submit their RFQ response as soon as possible so that specific projects may be assembled and submitted by approved Development Partners and Realtor/Brokers. For information on the status of this RFQ / NOFA, please contact Sophia Reyes, Housing Coordinator, at (661) 267-5126.

A complete RFQ application must be submitted to:

City of Palmdale
 Economic Development Department
 Housing Division
 38250 Sierra Highway
 Palmdale, CA 93550
 Attn: Sophia Reyes, Housing Coordinator

VII. Who to Contact With Questions

For any questions regarding the NSP funds, please contact:

Sophia Reyes, Housing Coordinator
 City of Palmdale, Economic Development Department, Housing Division
 Phone: (661) 267-5126
 E-mail: sreyes@cityofpalmdale.org

EXHIBIT A
NSP ELIGIBLE PROJECT AREA MAP

EXHIBIT B
SECTION 104(d) TENANT PROTECTIONS
MEMORANDUM FROM HUD



August 12, 2010

Community Planning and Development

NSP Policy Alert!

Guidance on NSP Tenant Protection Requirements under the Recovery Act

Note: *This is a revision to the guidance issued in May 2010.*

QUESTION: *What methods should grantees use to determine compliance with the NSP tenant protection requirements under the Recovery Act?*

Overview

Congress has expressed concern about evictions of tenants from foreclosed properties. New laws have been passed recently to address this issue. The American Recovery and Reinvestment Act of 2009 (Recovery Act), Pub. L. No. 111-5, imposes requirements on Neighborhood Stabilization Program (NSP) grantees to ensure that bona fide tenants in NSP-affected properties receive proper treatment.¹ Additional amounts made available for NSP pursuant to Section 1497 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203, are subject to Recovery Act tenant protection requirements. Please note that the Recovery Act tenant protection requirements do not preempt any federal, tribal, state or local law that provides greater protections for tenants, including, but not limited to the Protecting Tenants at Foreclosure Act of 2009 (PTFA) and the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). See the "Resource Links" section of this guidance document for links to more information on PTFA and URA.

NSP recipients have requested information on complying with the Recovery Act tenant protections, which are included in the NSP Bridge Notice of June 19, 2009 and the NSP2 Notice of Fund Availability of May 4, 2009.² The revised definition of "foreclosed" published in the Federal Register on April 9, 2010 expands the properties considered acquired through foreclosure for NSP purposes. NSP grantees, subrecipients, developers or homebuyers need to be mindful of the NSP

¹ Another law, the Protecting Tenants at Foreclosure Act of 2009 (PTFA), Pub. L. No. 111-22, also provides protections for tenants facing eviction as a result of foreclosure on virtually all mortgaged rental properties in the US. PTFA requirements, though similar to Recovery Act requirements in some respects, are **separate and distinct** obligations that are not affected *in any way* by the revised definition of "foreclosed" or this guidance document. PTFA may provide greater protection in certain instances. PTFA requirements, where applicable, must be fully satisfied independently of any obligations arising under the Recovery Act. HUD has published a notice in the Federal Register providing additional information on PTFA. See 74 FR 30,106 (Jun. 24, 2009). PTFA is not discussed further in this guidance document.

² Please note that links to all Notices cited are available in the "Resource Links" section of this document.

tenant protection requirements under the Recovery Act (and, where applicable, the PTFA) in acquiring foreclosed properties under the NSP program. The following highlights methods grantees can use to determine compliance with the NSP tenant protection requirements under the Recovery Act. Grantees should direct questions on these requirements to NSP-Questions@hud.gov, not to HUD Regional Relocation Specialists.

SUMMARY OF NSP TENANT PROTECTION REQUIREMENTS UNDER THE RECOVERY ACT

PERSONS AFFECTED	Any <i>bona fide</i> tenant occupying certain residential property under a lease in effect on or before the date of notice of foreclosure.	Any <i>bona fide</i> tenant occupying certain residential property without a lease or with a lease terminable at will under state law at the time of foreclosure
IMPLICATIONS	Initial successor in interest (ISII) (see key terms) must allow such tenants to remain to end of the lease term* and provide a minimum 90 days notice to vacate. These periods may overlap but cannot be less than 90 days.	ISII (see key terms) must provide such tenants a minimum 90 days notice to vacate.
EXCEPTION	*An ISII selling the property to a person occupying the home as the primary place of residence MAY terminate the lease, but MUST allow at least 90 days to vacate.	

Grantees need to be aware that the NSP tenant protection requirements under the Recovery Act are separate and apart from the obligations imposed on grantees by the URA. The revised NSP definitions do not supersede or affect in any way protections available to property owners or tenants under the URA. The URA applies to any person displaced as a direct result of acquisition, rehabilitation, and/or demolition of real property for a federally-assisted project. Eligibility determinations under the URA and the required notices and relocation assistance requirements are separate and distinct from the NSP tenant protections in the Recovery Act. Grantees cannot assume that a person entitled to the NSP tenant protections under the Recovery Act is also eligible for assistance under the URA (or vice versa). Any tenant lawfully occupying the property evicted by the owner/mortgagor in order to facilitate an acquisition under the NSP program (including short sales) is most likely eligible for URA relocation assistance and payments as a displaced person.

Key Terms

***Bona Fide* lease or tenancy:** For purposes of this section, a lease or tenancy shall be considered *bona fide* only if: (i) the mortgagor under the contract is not the tenant; (ii) the lease or tenancy was the result of an arm's-length transaction; and (iii) the lease or tenancy requires the receipt of rent that is not substantially less than fair market rent for the property. A "lease" does not have to be written, but either the lease or tenancy must meet the requirements of the Recovery Act.

Foreclosed: A home or residential property has been foreclosed upon if any of the following conditions apply: (a) the property's current delinquency status is at least 60 days delinquent under the Mortgage Bankers of America delinquency calculation and the owner has been notified of this delinquency, or (b) the property owner is 90 days or more delinquent on tax payments, or (c) under state, local, or tribal law, foreclosure proceedings have been initiated or completed, or (d) foreclosure proceedings have been completed and title has been transferred to an intermediary aggregator or servicer that is not an NSP grantee, subrecipient, contractor, developer, or end user.

Initial Successor in Interest (ISII): Typically, the ISII in property acquired through foreclosure is the successful purchaser at foreclosure, such as the lender or trustee for holders of obligations secured by mortgage liens. Grantees should note that the revised NSP definition of "foreclosed" now includes the beginning stages of the foreclosure process as well as the end. For example, when a NSP grantee purchases a rental property directly from the mortgagor via a short sale as a "foreclosed" property, the grantee may become the ISII for NSP purposes.

Options for grantees to document compliance with NSP tenant protection requirements under the Recovery Act:

1. Purchase properties that were foreclosed and title transferred on or before February 17, 2009, and obtain evidence of the date of foreclosure; such properties are not covered by the NSP tenant protection provisions of the Recovery Act.
2. If purchasing properties after February 17, 2009, that meet the revised NSP definition of foreclosed, keep adequate documentation of compliance (or inapplicability) of NSP tenant protection requirements under the Recovery Act, such as:
 - a. Information that only the former mortgagor currently occupies and/or occupied the property at the time of the notice of foreclosure (NSP Recovery Act Tenant Protections do not apply);
 - b. Copies of the tenant's lease and any notice to vacate to substantiate compliance;
 - c. Where a tenancy existed without a written lease or at will, information on the tenancy and any notice to vacate to substantiate compliance;
 - d. Documentation of compliance with the NSP Recovery Act tenant protection provisions (or their inapplicability) from the ISII.
3. If the ISII will not or cannot demonstrate compliance with the NSP tenant protections under the Recovery Act, abandon the transaction.
4. If the property is still desired, and no documentation of compliance can be obtained from the ISII, perform due diligence to determine whether any *bona fide* tenant occupied the property on or before the date of the notice of foreclosure. If so, determine if they were allowed to remain through the end of the lease term or tenancy (as applicable) and received any required notices.
5. Grantees that purchase tenant-occupied property can choose to assume the Recovery Act tenant protection obligations and/or may continue to operate occupied units as rental properties.
6. If the grantee knows that the ISII did not comply with the NSP tenant protection requirements under the Recovery Act and vacated the property contrary to the NSP requirements, abandon the transaction. NSP funds cannot be used for such properties.
7. In structuring its NSP acquisition and homebuyer assistance programs, grantees should educate potential subrecipients, developers, and homebuyers (and/or their real estate agents or other representatives) on the broader implication of how the NSP program defines "foreclosed" and the NSP tenant protection requirements under the Recovery Act (as well as tenant protection requirements arising under PTFA). The grantee may also adopt other procedures designed to minimize displacement of bone fide tenants.

NOTE: There is no assurance that these steps will eliminate potential lawsuits or other liability. These steps do not address compliance with tenant protection requirements under PTFA.

Notice of Foreclosure

Consistent with the NSP Bridge Notice of June 19, 2009, the grantee's determination whether the ISII complied with the NSP Tenant Protection requirements under the Recovery Act includes identifying the notice of foreclosure. Pursuant to Section 1497 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203, the date of a notice of foreclosure shall be deemed to be the date on which complete title to a property is transferred to a successor entity or person as a result of an order of a court or pursuant to provisions in a mortgage, deed of trust, or security deed.

Resource Links

- "Notice of Allocations, Application Procedures, Regulatory Waivers Granted to and Alternative Requirements for Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes Grantees Under the Housing and Economic Recovery Act, 2008," 73 FR 58339 (Oct. 6, 2008).
<http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/nspnotice.pdf>
- NSP2 Notice of Funding Availability, 74 FR 21377 (May 7, 2009).
http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/pdf/nsp2_nofa.pdf
- NSP Bridge Notice, 74 FR 29223 (June 19, 2009).
http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/pdf/nsp1_bridgenotice.pdf
- "Protecting Tenants at Foreclosure: Notice of Responsibilities Placed on Immediate Successors in Interest Pursuant to Foreclosure of Residential Property," 74 FR 30106 (June 24, 2009).
<http://www.hud.gov/offices/adm/hudclips/notices/pih/files/09-17pihn.pdf>
- Notice of Change in Definitions and Modification to Neighborhood Stabilization Program, 75 FR 18228 (Apr. 9, 2010). <http://edocket.access.gpo.gov/2010/pdf/2010-8131.pdf>
- Eligibility for URA assistance and payments must be determined in accordance with the URA statute and regulations on a case by case basis. Questions on the URA requirements should be directed to the nearest HUD Regional Relocation Specialist. See "Contacts" at www.hud.gov/Relocation.
- Bulletin published by the Office of the Comptroller of the Currency regarding PTFA, Aug. 13, 2009. <http://www.occ.treas.gov/ftp/bulletin/2009-28.html>

The following materials are optional and were designed to assist grantees.

**Questionnaire on Compliance with NSP Tenant Protection Requirements
under the Recovery Act[‡]**

(To be completed on each property prior to acquisition.
Proceed down the list unless directed otherwise.)

Date of NSP grantee's inquiry regarding status of the property: _____

1. On _____ (date), _____ became the Initial Successor in Interest (ISII)[§] of foreclosed** residential property located at: _____

(If property became foreclosed under state, tribal or local law on or before 02/17/09, Tenant Protections under the Recovery Act do not apply.)

2. On or after the date of notice of foreclosure^{††}, was the property occupied? Yes No
(If property was NOT occupied, Tenant Protections under the Recovery Act do not apply.)

3. If the property was occupied, is the lease or tenancy "bona fide"?

A. The occupant was the former mortgagor? Yes No
(If occupant IS or WAS the current or former mortgagor, stop here. Tenant Protections under the Recovery Act do NOT apply.)

B. The occupant was a tenant (that was NOT the former mortgagor)? Yes No
Name: _____

C. Was lease or tenancy the result of an arms-length transaction? Yes No

[‡] Another law, the Protecting Tenants at Foreclosure Act of 2009 (PTFA), Pub. L. No. 111-22, also provides protections for tenants facing eviction as a result of foreclosure on virtually all mortgaged rental properties in the US. PTFA requirements, though similar to Recovery Act requirements in some respects, are **separate and distinct** obligations that are not affected *in any way* by the revised definition of "foreclosed" or this guidance document. PTFA may provide greater protection in certain instances. PTFA requirements, where applicable, must be fully satisfied independently of any obligations arising under the Recovery Act. HUD has published a notice in the Federal Register providing additional information on PTFA. See 74 FR 30,106 (Jun. 24, 2009). PTFA is not discussed further in this guidance document.

[§] Please note that under the NSP definition of foreclosed, as revised on April 9, 2010, ISII can now refer to a wider group of persons, including NSP program participants acquiring foreclosed properties from mortgagors through short sales.

** "Foreclosed" as used in this Questionnaire, is defined under the revised NSP definition of "foreclosed."

†† The date of a notice of foreclosure shall be deemed to be the date on which complete title to a property is transferred to a successor entity or person as a result of an order of a court or pursuant to provisions in a mortgage, deed of trust, or security deed.

D. Was the rent required in an amount that is not substantially less than fair market rent for the property^{##}? Yes No

(If ANY answer to B-D is NO, Tenant Protections under the Recovery Act do NOT apply.)

(If ALL answers to B-D are YES, you have a bona fide tenant. Continue.)

4. Was the tenant occupying the property under a lease in effect on or before the date of notice of foreclosure? Yes No

A. If YES:

i. What was the remaining term? _____ (end date)

ii. Has tenant vacated the property? Yes No Date tenant moved: _____

iii. Did the ISII allow the tenant to stay until the end of the lease term? Yes No
(If YES, skip to v. If NO, answer iv.)

iv. If ISII did not allow tenant to stay through lease term, are they selling the property to an NSP-assisted purchaser who will occupy the unit as a primary residence?
 Yes No

(If YES, go to v. If NO, abandon transaction; ineligible for NSP funding.)

v. Did the ISII provide tenant at least 90 days notice to move? Yes No
When did/will that 90-day notice expire? _____

vi. Based on these facts, did ISII comply with NSP tenant protection requirements under the Recovery Act? Yes No

vii. If the ISII did not comply and the tenant is still in occupancy will the grantee assume this responsibility? Yes No

B. If NO:

i. Has tenant vacated the property? Yes No
Date tenant moved: _____

ii. Did the ISII provide tenant at least 90 days notice to move? Yes No
When did/will that 90-day notice expire? _____

iii. Based on these facts, did ISII comply with NSP tenant protection requirements under the Recovery Act? Yes No

iv. If the ISII did not comply and the tenant is still in occupancy will the grantee assume this responsibility? Yes No

5. The use of NSP funds is subject to a determination by the grantee that the ISII complied with the tenant protection requirements of the Recovery Act, that the grantee will assume this responsibility if they did not, or that the tenant protections are not applicable. If the grantee

^{##} If rent was subsidized, determine market rate as total of the tenant's portion and the subsidy paid on their behalf.

learns that the ISII did not comply with the NSP tenant protection requirements under the Recovery Act and a bona fide tenant was required to vacate the property contrary to the NSP requirements, abandon the transaction. NSP funds cannot be used for such properties.

6. If the property is occupied, or was vacated for the NSP-assisted project, the grantee must also determine if the tenant occupant would be eligible as a displaced person under the URA. (Note: Owner-occupants, who are displaced as a result of voluntary acquisitions under the URA, are not generally eligible for URA relocation assistance and payments.)

Peer Experiences: How Other Grantees Are Managing This Requirement

NSP grantees have asked what they can do to meet the tenant protection provisions of the Recovery Act. Grantee practices and tenants' rights laws vary from state to state. Not all solutions will work in every situation, but several NSP grantees have informed HUD of their practices. No amount of due diligence can eliminate the possibility that an improperly evicted bona fide tenant will appear later.

A Northeastern city with strong tenant laws follows these procedures:

This problem is especially difficult if there is a "tenant at will," that is a legal tenant but with no lease. In this state, lenders who have purchased a property at sheriff's sale have the right to evict tenants in 30 days, so the new law is more restrictive. We get a list of evictions from the Housing Court on a regular basis in order to track activity should we acquire the property. Some owners carry out evictions that may be illegal in this state, known as "Cash for keys", paying tenants \$500 to leave; this can be done by the prior owner or by the lender. Our city has worked with lenders and explicitly asked them not to evict tenants. We try to intervene at the point of the foreclosure petition by tracking legal notices and responding quickly. This gives us a chance to prevent problems at an early stage. When acquiring a property, the city sends a notice to the former owner and also to any residents by addressing it to the property. This does not guarantee that we will find out about protected tenants, but does show good faith should problems arise later.

Other suggestions include:

Contacting the local public housing authority to determine whether a tenant receiving Section 8 or Housing Choice Voucher assistance is occupying the property.

Asking the local Legal Aid Office to determine whether any of its clients might have a claim involving the property.

NOTE: Simply because a property has been vacant for 90 days does not mean that it satisfies these requirements. The law protects bona fide tenants occupying the foreclosed property. Any bona fide tenant must receive at least 90 days notice to vacate. In addition, any bona fide tenant occupying residential property under a lease in effect on or before the date of notice of foreclosure must be allowed to stay for the remainder of the lease term. The only exception occurs in the case of a sale to a purchaser who will occupy the property as a primary residence, although the tenant still must have at least 90 days to vacate.

RFQ APPLICATION INSTRUCTIONS

1. Complete all sections of the application. Use additional sheets as necessary and reference additional sheets on the application form.
2. Submit one copy of the completed application to:

City of Palmdale
Economic Development Department
Housing Division
38250 Sierra Highway
Palmdale, CA 93550
Attn: Sophia Reyes, Housing Coordinator

Applications must be delivered in hard-copy form to the address above.

APPLICATION CHECKLIST

- Read the entire RFQ and Application
- Complete all sections of the Application (including required signatures and contact information)
- Attach and include all required supporting documentation for each section of the Application as indicated
- Make a copy of the Application for your records
- Mail or deliver the Application to the City of Palmdale as described in the RFQ / NOFA.



CITY OF PALMDALE

Neighborhood Stabilization Program (NSP)

RFQ APPLICATION

Acquisition – Rehabilitation – Disposition of Residential Properties

PART ONE – APPLICANT QUALIFICATIONS (RFQ)

Organization Name: _____

Address: _____

Unified Business Identifier: _____

DUNS Number: _____

Federal Tax I.D. Number: _____

Organization Type (check one):

- For-Profit Corporation
- Nonprofit Community Based Organization
- Regional Nonprofit Housing Assistance Organization
- Statewide Nonprofit Housing Assistance Organization
- Regional Support Network
- Qualified Tenant Organization
- Community Housing Development Organization (CHDO)
- Community Based Development Organization (CBDO)
- Licensed Broker
- Licensed Realtor

Authorized Official Name and Title: _____

Phone: _____ Fax Number: _____ E-mail: _____

Project Contact Name: _____

Organization: _____

Address: _____

Phone: _____ Fax Number: _____ E-mail: _____

Application Contact Name (if different than Project Contact above): _____

Organization: _____

Address: _____

Phone: _____ Fax Number: _____ E-mail: _____

Applicant Qualifying Information

The following documents ***MUST*** be submitted with the application in order to be considered for approved Development Partner status. ***Realtor/Brokers MUST submit items 1 and 7 and a Form 700 Conflict of Interest Statement***

*Developer/Broker Applications that do not include **ALL** of the required items will not be considered for approval/funding.*

Attach separate sheets as necessary.

APPLICATION NARRATIVE (MAXIMUM 10 PAGES)

Applicants will be assessed on their capability and experience as an organization and as a development team. The following qualifications are desired by the City and should be addressed succinctly and clearly in the application narrative:

1. An Applicant must have extensive real estate experience relating to both acquisition and disposition of single family homes, condominiums, and/or townhomes, evidenced by the acquisition and sale of a minimum of 40 owner-occupied homes in the previous 5 years. The Applicant's experience must include negotiating directly with sellers to acquire property; negotiating directly with buyers to sell property; and listing, marketing and placing property on the Multiple Listing Service. The Applicant must hold a current California real estate broker license and be in good standing with the California Department of Real Estate (or employ one or more individual(s) who satisfy this requirement). – OR –
2. The Applicant must have extensive rehabilitation and construction experience, including substantial rehabilitation of a minimum of 20 owner-occupied homes (specifically single-family homes, condominiums, or townhomes) in the previous 5 years. The Applicant's proposal must show that the Applicant has substantial experience evaluating the condition of homes, including testing for lead based paint and asbestos; evaluating and remedying building code violations, including illegal room additions and conversions; preparing a written scope of the anticipated rehabilitation work to be performed at residential properties; determining and budgeting for anticipated rehabilitation costs including preparation of project budgets; and obtaining required building permits and inspections. The Applicant must hold a current California general contractor license (minimum "B" license) that is in good standing. – OR –
3. The Applicant must have substantial property management experience during the previous 5 years, including providing maintenance and security services. Each Applicant's initial proposal submitted in response to the City's RFP/Q shall include a "Holding Period Plan" that sets forth the Applicant's proposed method and procedure for maintaining the physical condition and security of homes acquired by that Applicant during the entire period during which the Applicant owns the home, from acquisition by the Applicant through resale to an Eligible Household ("Holding Period"). The Holding Period Plan shall require the Applicant to maintain a green lawn in front of each home, if applicable and in the public view, by periodically watering the lawn or taking such other measures as are approved by the Director of Redevelopment. In addition, the Holding Period Plan shall require the Applicant to maintain each home free of debris, weeds, graffiti, vermin, vagrants, squatters, and other nuisance conditions during the entire Holding Period and maintain the security of each home to ensure that squatters, vagrants, and members of the public are unable to enter the home or obtain access to the back yard or other non-public areas of the home. – OR –
4. The Applicant must have experience during the previous 5 years obtaining financing from financial institutions and public entities to acquire and/or rehabilitate property and the Applicant's proposal must show that the Applicant will be able to leverage the NSP funds with other funding sources to assist the financing of the acquisition, rehabilitation, and resale of the homes.
5. The Applicant must have experience during the last 10 years working with local governmental

entities to rehabilitate or construct residential property. The Applicant's experience must include an in-depth understanding of government regulations, program administration, and funding sources.

- 6. The Applicant must be knowledgeable regarding the Neighborhood Stabilization Program.
- 7. The Applicant must provide references and other documentation to evidence the Applicant's relevant experience and performance record to satisfy the above listed requirements.

- ARTICLES OF INCORPORATION/BYLAWS**
Articles of incorporation are the documents recognized by the State as formally establishing a private corporation, business or agency.
- NON-PROFIT DETERMINATION (If Applicable)**
Non-Profit organizations must submit tax-exemption determination letters from the Federal Internal Revenue Services and the State Tax Franchise Tax Board.
- LIST OF THE BOARD OF DIRECTORS / CORPORATE OFFICERS (GOVERNING BODY)**
A list of the current board of directors or corporate officers (hereinafter referred to as governing body) of the organization must be submitted. This list must include names, telephone numbers, addresses, occupation or affiliation of each member and must identify the principal officer of the governing body.
- AUTHORIZATION TO PARTICIPATE IN PROGRAM, SUBMIT PROPOSALS AND REQUEST FUNDS**
Documentation must be submitted regarding the governing body's authorization to submit the proposed application. Documentation of this requirement consists of a copy of the minutes of the meeting in which the governing body's resolution, motion, or other official action is recorded.
- FINANCIAL STATEMENT AND MOST RECENT AUDIT**
The applicant must submit the most recently completed audit of their organization along with the financial information requested in the application.
- CONFLICT OF INTEREST STATEMENT**
The applicant must provide a Conflict of Interest provision, which applies to any person who is an employee, officer, or elected official of the agency.
- LONG-RANGE PLAN**
Provide evidence that the applicant organization has developed a comprehensive long-range plan for a three to five year period, which establishes goals, measurable objectives, and implementation strategies related to the project.
- EVIDENCE OF INSURANCE**
Submit information to provide evidence of Liability and Worker's Compensation Insurance coverage.

Signature of Authorized Official

I HEREBY SUBMIT THIS APPLICATION TO BECOME A DEVELOPMENT PARTNER OR REALTOR/BROKER WITH THE CITY OF PALMDALE NEIGHBORHOOD STABILIZATION PROGRAM.

Signature: _____

Title: _____

Name: _____

Date: _____