

# Request for Proposal (RFP): Multifamily Rental Housing Program Community Development Block Grant (CDBG)



## Program Overview

The Community Development Block Grant (CDBG) Program provides formula grants to states and localities to fund a wide range of activities including rehabilitation of housing for rent or homeownership. The City of Racine, Wisconsin has a long-standing Owner-Occupied Housing Rehabilitation Revolving Loan Fund (RLF), a portion of which will be made available for multifamily rental housing projects through this RFP. The goal of the program to improve the overall housing stock in Racine by investing in financially-sound, high-quality housing development. Funds will be made available as low-interest loans to revolve the funds and ensure on-going investment in the city.

## RFP Information and Guidelines

Community Development Block Grant: Multifamily Loan Program

Issue Date: **October 17, 2016**

Closing Date: **November 18th, 2016**

## Contact

Laura Detert, Manager of Housing and Community Development

Department of City Development

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City Hall, Room 102

Racine, WI 53403

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City Development Website: <http://www.cityofracine.org/Development.aspx>

## Return the Proposal and Common Application for funding:

Department of City Development

ATTN: Laura Detert

730 Washington

City Hall, Room 102

Racine, WI 534



## RFP TABLE OF CONTENTS

	<u>Page</u>
REQUESTS FOR REASONABLE ACCOMMODATION	2
ACCESS TO REFERENCED DOCUMENTS	2
NOTICE OF SOLICITATION	2
AVAILABILITY OF FUNDS	2
DESCRIPTION OF SOLICITED SERVICES	2
ANTICIPATED TIMELINES	6
ELIGIBLE APPLICANTS	5
PROPOSAL EVALUATION PROCEDURE AND CRITERIA	5
REQUIRED MONITORING	7
CONTACT	11
QUESTIONS FROM APPLICANTS AND RESPONSE BY CITY	11
SUBMITTAL DUE DATE AND INSTRUCTIONS FOR SUBMITTAL	8
OWNERSHIP OF MATERIAL	9
PROPOSAL COSTS AND CONTINGENT FEES	10
ACCEPTANCE OF TERMS AND CONDITIONS	10
RIGHT TO REJECT OR NEGOTIATE	10
UNACCEPTABLE PROPOSALS	11
CONTRACT AWARD AND NOTIFICATION TO SELECTED APPLICANTS	11
RIGHT TO APPEAL	11
CANCELLATION OF PROPOSAL	11
NOTIFICATION OF REQUIRED ASSURANCES	16
ACKNOWLEDGEMENT OF REQUIRED ASSURANCES	15



## REQUESTS FOR REASONABLE ACCOMMODATION

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The City of Racine's Department of City Development (hereafter referred to as the "City") will provide reasonable accommodation to allow for equal participation in the Request for Proposal (RFP) application process. To request a reasonable accommodation, please contact Laura Detert at (262)636-9476 (Voice) or via e-mail at [laura.detert@cityofracine.org](mailto:laura.detert@cityofracine.org). This document will be provided in alternate formats, upon request.

## ACCESS TO REFERENCED DOCUMENTS

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This document contains active hyperlinks. Prospective applicants who are unable to access the Internet may request copies of the documents referenced in this RFP by contacting Laura Detert at (262) 636-9476 (Voice) or via e-mail at [laura.detert@cityofracine.org](mailto:laura.detert@cityofracine.org).

## NOTICE OF SOLICITATION

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In addition to providing required notification via the City's publication of record, *The Racine Journal Times*, the City will provide notification to all known interested parties, and to other organizations and individuals currently on the Department's e-mail distribution list. Any individual or organization wishing to be added to the Department's e-mail distribution list in order to receive future notices of funding opportunities can make such a request by contacting Michelle Cook at 262-636-9151 or via email at [michelle.cook@cityofracine.org](mailto:michelle.cook@cityofracine.org). A copy of this Request for Proposal (RFP) will be posted to the department's website at <http://www.cityofracine.org/Development.aspx>. Failure of the City to notify any interested party or parties directly regarding the availability of this RFP shall not void or otherwise invalidate the RFP process.

## AVAILABILITY OF FUNDS

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The City of Racine anticipates the ability to make up to \$700,000 for use by certified non-profit organizations or private developers for owning, sponsoring, or developing permanent low-income affordable rental housing in the City of Racine. Assistance will come in the form of an amortized loan.

<u>Program</u>	<u>Available/Anticipated Funding</u>
Community Development Block Grant	
Multifamily Rental Housing Program	\$700,000

Requests may only be up to \$15,000/ CDBG-funded unit maximum. The City reserves the right to award less than the unit maximum to the project. If applicants apply for less than the available funding in an application round, the City reserves the right to allocate less than the available total funding.

Funds reservation will be evidenced by a Pre-Commitment letter from the City. Funds will not be formally committed to the project until a formal written agreement is executed per federal CDBG requirements. The written agreement will spell out all CDBG and federal requirements and the roles and responsibilities of both the City and the applicant.

## DESCRIPTION OF SOLICITED SERVICES

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The City is soliciting proposals from qualified non-profit organizations, private developers, or a partnership thereof to develop permanent affordable housing projects within the City of Racine's boundaries in accordance with Title I of the Housing and Community Development (HCD) Act of 1974. The Department of City Development administers CDBG funds on behalf of the City.

This RFP seeks to provide funding for projects that can be completed within a 24 month time period. Priority will be given to projects that preserve high quality mixed-income housing, leverage additional resources, and further redevelopment goals of the City as outlined in city revitalization and historic preservation plans. Evidence of site control will be required at the time of application.

The definition of an Eligible Project is one or more buildings on a single site, or multiple sites that are under common ownership, management, and financing that are done as a single undertaking. CDBG funds may be used to fund the following project types:

### **Eligible Projects:**

Projects awarded funding must have one or more of the following:

1. Low-Income Housing Tax Credits: 4% or 9% Low-Income Housing Tax Credits (LIHTC) as awarded by the Wisconsin Housing and Economic Development Authority (WHEDA). City CDBG funds may be approved contingent on LIHTC award.
2. Federal Historic Preservation Tax Incentives 10% or 20% Rehabilitation Tax Credit. City CDBG funds may be approved contingent on historic tax credit award.
3. At least 50% of units in project financed by project-based vouchers (Section 8, VASH, or other income-based, long-term unit financing).

Affordable Rental Housing: CDBG funds must be used for the development of permanent affordable rental housing serving at least 51% of tenants at or below 80% of the county median income (CMI) at initial occupancy. CDBG funds may be used to:

- Rehabilitate existing rental housing
- Convert a closed building from one use to residential use (such as a closed school building to residential use)
- Rehabilitate the residential portion of a mixed use building

*Please note that funding for new construction is **NOT** an eligible activity under CDBG unless developed by a Community-Based Development Organization (CBDO) as defined by Section 105(a)(15) of the Housing and Community Development Act and §570.204 of the CDBG regulations. The development must also be part of an overall neighborhood revitalization project.*

Projects must fund at least 8 units in a multifamily residential development or fund at least 8 total project units in a combined project.

Properties are not eligible that are:

- In litigation/condemnation/receivership
- Holding outstanding fees/penalties/delinquencies to federal, state, or local governments
- In violation of Racine licensing

### **Eligible Project Costs:**

CDBG funds awarded to an eligible project as a result of this application may be used for the following associated project costs:



Labor, materials to be used on-site, and other rehabilitation costs  
Energy efficiency improvements  
Utility connections  
Evaluating and treating lead-based paint  
Handicap accessibility improvements  
Rehabilitation services (inspections, work write-ups)  
Land acquisition  
Property acquisition

**Ineligible Project Costs:**

CDBG funds awarded to an eligible project as a result of this RFP shall not be used to support or pay for the following:

- Off-site infrastructure costs not related to utility hookups
- Ongoing operating and maintenance funding
- Rental assistance (project or tenant-based) or other income payments
- Delinquent taxes or fees
- Equipment purchases
- Purchase of furnishings and personal property

All reimbursements will be disbursed in accordance with the schedule as outlined in the CDBG written agreement.

**ELIGIBLE APPLICANTS**

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Any qualified non-profit 501(c)(3) organization or private developer is an eligible applicant. Partnerships between non-profit and for-profit entities are also eligible and encouraged.

Applicants may not have outstanding fees/penalties/delinquencies to federal, state, or local governments or be disbarred from funding by any federal, state, or local entity.

**ANTICIPATED TIMELINES**

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The following anticipated timeline is subject to change, at the discretion of the City:

- October 17, 2016: Notification of Request for Proposal (RFP) is published in the City's newspaper of record (Racine Journal Times).
- October 17, 2016: Request for Proposal issued to known interested applicants, and posted on the City website.
- October 28, 2016: Questions from prospective applicants are due; please see page 11 for additional information.
- November 3, 2014: The City's written response to each question submitted will be sent to all known prospective applicants for whom the City has a valid e-mail and/or postal address. The responses will also be posted on the City's website.



**November 18, 2016: Proposal submission deadline; proposals are due to the City no later than 4:00 p.m.**

December 8, 2016: Loan Board of Review Approval/Denials.

January 27, 2017: Deadline execution of CDBG written agreement.

May 1, 2017: Deadline for all funding and financing for the project to be committed and secured.

July 24, 2020: Deadline for project completion. (Rehabilitation/construction complete)

Twelve Months from Completion: Deadline for full lease up to eligible tenants.

## **PROPOSAL EVALUATION PROCEDURE AND CRITERIA**

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Applications will be evaluated on a competitive basis and will be scored according to, but not limited to, the neighborhood market conditions, the conceptual soundness and financial feasibility of the project, the degree to which the CDBG Program objectives can be met, the readiness of the project, and demonstrated ability and capacity of the organization to develop the project and administer the program.

In order to be considered for funding, the following conditions must be met:

- The applicant must have site control as evidenced by a signed purchase or option agreement or vesting title to the property for Rental projects.
- The project must serve CDBG-eligible households.
- The project must be CDBG eligible per 24 CFR § 570.201
- The project costs must be CDBG eligible.
- The project must meet layering review criteria and not be deemed to be over-subsidized by government funds [see below for requirements].
- The project must meet all relevant federal requirements.
- The amount of CDBG funds requested per unit cannot exceed the City's \$15,000/unit subsidy limit.

Projects will also be evaluated based on:

- The housing needs of the population served
- Developer experience and project history
- Location within City of Racine development priority areas
- Proposed project quality

In the event that the applicant's organization is awarded funding as a result of this RFP, City staff will meet with the successful applicant to review all of the evaluation requirements and terms and conditions which are associated with the receipt of funds.

### **Layering Review:**



The City will conduct a subsidy layering review on all projects applying for CDBG funding for multifamily rental development. The purpose of the layering review is to determine if more government funds (federal, state, or local) than necessary are going into the project. Projects deemed to be over-subsidized by government funds will either not receive CDBG funding or will have the CDBG funding reduced. The layering review must be completed prior to any commitment of City CDBG funds to a project. All layering reviews will include a review of the per unit subsidy requirements as defined in the “Eligible Applicants” section, and a review to ensure that all costs being funded through CDBG are eligible and reasonable.

The layering review includes a review of the development budget with the sources and uses of all the project funding and a review of operating budget (pro forma) that is provided in the funding application.

- Development Budget – A development budget review determines whether the development costs are necessary and reasonable and will take into consideration the long-term needs of the project. The reasonableness factors include costs of comparable projects, appraised value, and comparable costs published by recognized cost index services. Development costs above industry standards must provide a written high costs justification.
- Operating Budget – Review of the operating pro forma will help determine if income and expenses are reasonable.
- Rents – Rents should be in line with the target population served. Rents should represent 30% of the gross income of the target population, but not to exceed maximum program rents.
- Operating Expenses – Operating expenses must be in line with industry standards or provide a high costs justification for review and consideration by the City. For existing housing projects, replacement reserves should be supported by a capital needs assessment.
- Debt Coverage Ratio – If the debt to coverage ratio exceeds 1:30, the project is deemed to be able to sustain additional private debt service. In projects where the debt coverage ratio exceeds 1:30, the project must seek additional private funding and will have the amount of City CDBG funding reduced or eliminated.

### **Property Standards:**

CDBG-funded properties must meet certain property standards as specified below:

- State and Local Codes: State and local codes and ordinances apply to all housing development, regardless of the project type. Projects involving construction and/or rehabilitation must address applicable local building codes. Projects involving rehabilitation must also meet local written rehabilitation standards.



- Model Codes: New construction projects resulting from CDBG-funded land acquisition must meet local building codes, model energy codes, Section 504 accessibility requirements 24 CFR 92.251(a)(3), and neighborhood standards requirements 24 CFR 92.202(b). For rehabilitation projects, the property must meet local building codes, handicapped accessibility requirements, and local written rehabilitation standards.
- Useful Life: If over 26 units, rehabilitation projects must submit a capital needs assessment (CNA) to document that the proposed will bring all systems up to a reasonable useful life. This must be commensurate with the project's affordability period or 20 years if no affordability period is required for the project. If useful life is shorter than this period, the budget must show appropriate reserves for their replacement when needed.
- The American Disability Act: Applies to the common areas open for public use, such as property management or rental office.
- Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) applies to recipients of federal financial assistance.
- Asbestos Containing Materials: All federally-assisted projects must comply with EPA 40 CFR 61.145 and all other HUD, and EPA regulations.
- Lead Based Paint Hazards: EPA CFR Part 745
- Uniform Physical Conditions Standards (UPCS): The completed development must meet HUD's Uniform Physical Condition Standards (UPCS).
- Accessibility features: All new construction or use conversion properties must minimally contain the following features:
  1. Lever-style handles on all interior doors
  2. Bath/kitchen faucets being replaced or initially installed must be single-lever type
  3. All walls within 36" or toilet and in tub/shower area shall have ¾" plywood behind drywall to provide sufficient support for grab bars or other assist devices
  4. Bathtub/shower stalls with offset controls
  5. Low-profile thresholds- ¼ maximum vertical height or ½" maximum beveled at 1:2 are required between ALL interior common areas and in all dwelling unit openings when floor transition height differs.

Rehabilitation projects are encouraged to incorporate accessibility features and universal design when possible.

## **REQUIRED MONITORING**

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1. Predevelopment: Upon award of funding, City staff will meet with the applicant to review all funding requirements. Applicants will be required to report on the status of the project on a quarterly basis. The report should include the status of the site plans, financing, permits, and other predevelopment activities.
2. Development: During the development phase of the project, City staff will meet regularly with the applicant to ensure all program requirements are being met. Onsite inspections will be conducted during construction prior to any release of funds.





3. **Close Out:** Close Out occurs around the time of the final HOME draw and rent-up. Prior to project close out, City will meet with the applicant to ensure all compliance documentation and beneficiary data has been received. A cost certification and completion checklist will be required to be completed prior to final close out.

The rents for the project must be stipulated in the project application and verified at Close Out.

Records Retention – All records must be retained for seven (7) years after project completion including tenant income and rent information

## CONTACT

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City Hall, Room 102  
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Email: [laura.detert@cityofracine.org](mailto:laura.detert@cityofracine.org)

## QUESTIONS FROM APPLICANTS AND RESPONSE BY THE CITY

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Inquiries from private developers regarding the content of this RFP must be submitted to the City in writing, no later than 4:00 p.m. on **September 29**. Questions received after this date and time will not be answered. Questions may be submitted electronically, or via U.S. mail to the contact person identified above. City will time- and date-stamp all questions received via U.S. mail. City staff is available to provide technical assistance to projects sponsored by non-profit organizations throughout the application process.

On or about **September 30**, the City will provide a written response to each question received, and, as applicable, will issue any resulting amendments to this RFP. A response will be provided directly to the applicant, and, simultaneously, to any other interested party who has obtained a copy of the RFP, provided that the City has a valid e-mail or postal address on record. Responses will also be posted on the City Development's website.

## SUBMITTAL DUE DATE AND INSTRUCTIONS FOR SUBMITTAL

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The application instructions and the funding applications can be downloaded from City Development's website, <http://www.cityofracine.org/Development.aspx>

### Important notes regarding the applications for funding:

- Answer each question and sub-question individually. Every question must be answered completely. If a question does not apply to the project, explain why.
- Do not alter or omit questions and/or instructions in the application as reviewers must be aware of the questions that you are responding to for accurate review of the proposal.
- Excel spreadsheets are provided in a separate file and can be downloaded from City Development's website. **Use the Excel spreadsheet provided only and do not submit**



**other spreadsheets.** Please contact Laura Detert at (262) 636-9476 if you have problems accessing the spreadsheet.

To be eligible for consideration, the application documents must be received by City Development no later than **4:00 p.m. on October 13, 2014**. Applicants are strongly encouraged to carefully review the anticipated timelines associated with this solicitation, as identified on page 6. All applicants must complete and submit the required Applicant Information as identified on the RFP cover sheet.

Applicants must submit their proposal in hard copy, and provide one (1) complete original Common Funding Application for Affordable Housing Projects signed by the authorized representative, and three (3) copies per project, inclusive of the Acknowledgement of Required Assurances.

City will not require supplemental documentation not specifically requested in the funding application at the time of application submission, or at the time of funding awards/reservations. However, the following documentation will be required prior to commitment of funds, and completion of the formal written agreement:

- A. Evidence of site control (purchase and sale agreement, or deed of ownership). Must have site control at time of application.
- B. Zoning certificate (if new construction/rehabilitation).
- C. Complete third party construction estimates (if new construction/rehabilitation).
- D. Phase I Environmental (if needed to complete environmental review).
- E. Lead test and risk assessment (for acquisition of existing housing built prior to 1978).
- F. Rent rolls (for acquisition of tenant occupied housing).
- G. Market study or comparable rent analysis (if rental housing project that is not special needs).
- H. Copy of capital needs assessment if rehabilitation project is over twenty six (26) total units.
- I. Affirmative marketing plan – If over 5 units
- J. Copies of previous years A-133 audits and corporation financial statements.
- K. Copies of developer agreements or partnership agreements (if applicable).
- L. Additional documentation may be required as needed.
- M. Copy of Board resolution authorizing the submittal of an application. Please include in the resolution the individual authorized to sign on behalf of the organization.
- N. Verification of a new employee's eligibility to work legally in the United States; the City requires that all businesses which contract with the City in excess of \$25,000 and of duration longer than 120 days, and are not specifically exempted by [PCC 2.106.022](#), be enrolled in the Federal [E-verify](#) Program. The requirement extends to every subcontractor meeting the same criteria.

The following documentation may be required prior to release of funds, and recording of loan documents:

- A. Title report.
- B. Property appraisal.
- C. Evidence of other funding commitments, including partnership agreements (if the project is a tax credit project), or developer/sponsor agreements (if the CHDO is acting as developer/sponsor).
- D. Additional documentation may be required as needed.

## **OWNERSHIP OF MATERIAL**

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Proposals and other materials submitted in response to this request become the property of the City, are documents of public record, and will not be returned. By submitting a proposal, applicants acknowledge and agree that they and/or their organization claim no proprietary rights to the ideas or



approaches contained in their proposals.

## **PROPOSAL COSTS AND PAYMENT OF CONTINGENT FEES**

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The City is not liable for any costs incurred by an applicant prior to the issuance of a contract. All costs incurred in response to this solicitation, including travel costs to attend meetings of the RFP Evaluation Committee, mandatory training, and/or contract negotiation sessions, are the responsibility of the applicant.

In the event that the applicant's proposal was developed with the assistance of other individuals (i.e., non-employees) and/or organizations, the applicant understands and agrees that no contingent fees will be paid under any resulting award.

## **ACCEPTANCE OF TERMS AND CONDITIONS**

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By submitting a response to this RFP, the applicant acknowledges and accepts all terms and conditions of this request and all City and state regulations and requirements related to the delivery of the eligible activities. If the applicant is awarded a contract, the applicant's proposal will become part of the contract agreement. The applicant is bound by the terms of the proposal, unless the City agrees that specific parts of the proposal are not part of the agreement. The City reserves the right to introduce different or additional terms and/or conditions during final contract negotiations. Applicants will be required to enter into a formal CDBG Program written agreement with the City.

A deed of trust, loan agreement, promissory note, and CDBG Contract will be required to be signed in order to receive the funding. The term of loans will be twenty (20) years. Annual payments or incremented annual payments will be required.

An annual audit will be submitted by the loan holder to the City of Racine as required by the Office of Management and Budget (OMB) *Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. If the project received less than \$750,000 of total federal funding, audited financial statements prepared by a Certified Public Accountant may be used.

All loan funding from the City under this RFP is provided as permanent financing. The City will not provide bridge or temporary financing.

All loans will be 1-3% as determined by underwriting and subsidy layering review. No loan will be above the long-term Applicable Federal Rate (AFR) at the time of loan closing.

## **RIGHT TO REJECT OR NEGOTIATE**

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The City reserves the right to reject any or all proposals if such a rejection is in the City's best interest. This RFP is a solicitation for offers and shall not be construed as an offer, a guarantee, or a promise that the applicants are guaranteed loan funds. The City may withdraw this RFP at any time and for any reason without liability to applicants for damages, including, but not limited to, bid preparation costs.

Additionally, the City reserves the right to negotiate with selected applicants and may request additional information or modification from an applicant. When deemed advisable, and before a contract is issued, the City reserves the right to arrange an on-site visit/review to determine the applicant's ability to meet the terms and conditions of the RFP.



## **UNACCEPTABLE PROPOSALS**

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City staff and Department Director will determine which proposals are not responsive to the requirements of this solicitation. Unacceptable proposals are those which meet at least one of the following criteria:

1. Does not address the essential requirements of the RFP.
2. Clearly demonstrates that the applicant does not understand the requirements of the RFP.
3. Are clearly deficient in approach.
4. Does not meet the deadline for submittal.
5. Does not contain the original and prescribed number of copies.
6. Does not include the required original signed assurance document.

## **CONTRACT AWARD AND NOTIFICATION TO SELECTED APPLICANTS**

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Decisions regarding project proposals solicited by this RFP will be made on or about **November 11, 14**. CDBG funds will not be committed until the applicant enters into a Program Written Agreement with the City.

## **RIGHT TO APPEAL**

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Applicants whose proposals are not selected have the right to appeal the decision of the City, limited to procedural errors in the selection process. In the event that no such procedural errors are found to have occurred, the decision of the City shall be final.

An aggrieved applicant may, after the selection of prospective eligible projects, appeal in writing to the Director of City Development, Chair of the Loan Board of Review. The appeal must be received within the Department of City Development business office at City Hall within three (3) business days. The appeal must state all facts and arguments upon which the appeal is based. The Department Director will review the content of the City's solicitation document, the applicant's proposal, and the facts which form the basis for the appeal. The Department Director will render a written decision within thirty (30) business days of the receipt of the appeal.

## **CANCELLATION OF PROPOSAL**

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The City reserves the right, with or without cause, to cancel any contract resulting from this RFP with thirty (30) calendar days' written notice sent by certified mail, return receipt requested, to the applicant's address of record, as indicated the applicant's proposal to this RFP (or last known address on file).



## NOTIFICATION OF REQUIRED ASSURANCES

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### FEDERAL REQUIREMENTS

Federally funded projects must adhere to a broad base of federal regulations, including those listed below. As the Participating Jurisdiction (PJ), the City is responsible for ensuring that these regulations are met in all HUD-funded projects.

**Environmental Review:** All projects will need to have an environmental review completed in accordance with the National Environmental Protection Act (NEPA). The scope of the environmental review will depend on the nature and size of the project. If the project requires an environmental assessment (EA) level review as defined in HUD regulations, the City may need to incur costs related to the completion of the EA. If this is the case, the cost will be passed on to the applicants a project cost. Once the funding application is received, the applicant cannot take any choice limiting actions until the EA is complete. Choice limiting actions include the acquisition of property, beginning construction activities, signing binding contracts, etc. If a choice limiting action is taken without the EA being completed, it will disqualify the project for federal funding.

**IMPORTANT FOR PROJECTS INVOLVING ACQUISITION:** HUD only allows the use of purchase and sale contracts conditioned on completion of the environmental review for the purchase of existing one to four single family units. Conditional purchase contracts cannot be used for any other acquisition project (i.e. multi-family housing projects with more than four units). The responsible entity or applicant may enter into a purchase option on these projects if the option agreement meets the standards of Part 58.22(d). (Applicants will need to work with City staff to ensure that the option agreement meets the requirements of Part 58.22(d)).

Regulations at 24 CFR Part 58.22 make it clear that a recipient, any participant in the development process (including public or private nonprofit or for profit entities) or any of their contractors may not commit HUD or non-HUD funds on a project until the environmental review process has been completed and the Request of Release of Funds and related certification have been approved, if needed.

*The City may request applicants submit a Phase I environmental, or other related studies, if applicable.*

**Uniform Relocation Act:** All projects are subject to the federal Uniform Relocation Act (URA). Applicants applying for the acquisition or rehabilitation of an existing occupied building will need to provide proper relocation notices to all tenants in the building. Applicants will be required to meet with City staff to go over the relocation plan for the building(s). If tenants need to be relocated as a result of the acquisition or rehabilitation, those tenants must be compensated in compliance with the URA. The general information notice to the tenants will need to be sent at the earliest time possible either: 1) at the time the application is submitted for federal funds, or 2) at the time the purchase and sale agreement or option agreement is signed and executed, whichever is sooner. Subsequent notices to tenants being displaced, and tenants not being displaced will be required.

For projects involving acquisition, a Voluntary Sale Notice must be provided to the seller of the property being acquired. This notice must include language that the Applicant or City will not use eminent domain to acquire the property. This notice must also include a disclosure to the seller



making them aware of the fair market value of the property. The voluntary sale must be given at the time of the purchase and sale agreement. *A sample Voluntary Sale Notice will be provided upon request.*

**Labor Standards:** Projects involving new construction or rehabilitation will adhere to federal labor laws which include:

- A. Davis Bacon Act: Provides assurance that workers employed in construction work under federally assisted contracts are paid wages and benefits equal to those that prevail in the locality where the work is performed.  
The Davis-Bacon Act (40 USC, Chapter 3, Section 276a-276a-5; and 29 CFR Parts 1, 3, 5, 6 and 7) is triggered when construction work over \$2,000 is financed in whole or in part with CDBG funds. It requires that workers receive no less than the prevailing wages being paid for similar work in the same area. Davis-Bacon applies to the rehabilitation of residential structures containing at least eight units.
- B. The Copeland Anti-Kickback Act (40 USC, Chapter 3, Section 276c and 18 USC, Part 1, Chapter 41, Section 874; and 29 CFR Part 3) requires that workers be paid weekly, that deductions from workers' pay be permissible, and that contractors maintain and submit weekly payrolls.
- C. Contract Work Hours and Safety Standards: Provides assurance that workers employed in construction work under federally assisted contracts are paid 1½ time their normal salary for working over forty (40) hours per week.
- D. Copeland Act: Governs the deductions from paychecks that are allowable, and requires submission of weekly payroll.
- E. Fair Labor Standards: Establishes a basic minimum wage for all work, and requires the payment of time and a half for overtime.

**Equal Employment Opportunity:** This law prohibits discrimination against any employee or application for employment because of race, color, religion, sex, or national origin. Provisions to effectuate this prohibition must be included in all construction contracts. The Contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The Contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, creed, color or national origin.

**Section 3 Requirements:** For all contracts exceeding \$100,000 Section 3 requires that, to the greatest extent feasible, opportunities for training and employment arising from the project will be provided to low income persons residing in the program service area. To the greatest extent feasible contracts for work to be performed in connection with the contractor will be awarded to business concerns that are located in or owned by person residing in the program service area. A Section 3 plan for the project will be required to be completed prior to the start of construction and a Section 3 clause will need to be included in any construction contracts.

**MBE/WBE:** Developers of federally funded housing projects *must adopt* procedures to establish and oversee a minority outreach program to ensure, to the maximum extent possible, that minorities and women, and businesses owned by minorities and women (MBE/WBE's) are offered contracts. Applicants will need to include an outreach plan and include MBE/WBE provisions in all construction contracts.

**Lead Based Paint:** If the project involves acquisition and/or rehabilitation on a building or buildings built before 1978 federal regulations require that testing for lead paint be conducted and a risk assessment be conducted. Any lead-based paint hazard must be corrected in accordance with Federal and State guidelines.



**Contracting and Procurement:** Projects may be subject to certain Federal procurement rules which include:

- A. Conflict of Interest.
- B. Debarred contractors.
- C. Procurement Standards under 24 CFR 85.36.

All contracts with contractors must include provisions as outlined in the City's contracting requirements and be reviewed by City staff.

**Fair Housing and Affirmative Marketing:** All projects must comply with the following federal fair housing laws including but limited to:

- A. Title VI of the Civil Rights Act of 1964 as amended.
- B. The Fair Housing Act.
- C. Equal Opportunity in Housing Act.
- D. Age Discrimination Act.

All projects with five (5) or more units must adopt Affirmative Marketing procedures in compliance with federal and City policy. An affirmative marketing plan must be provided on HUD form HUD935.2A. The plan must to the greatest extent possible provide information to the public and potential tenants that may be underserved in the community.

**Handicapped Accessibility:** All projects must comply with the following federal accessibility laws:

- A. Americans with Disabilities Act.
- B. Fair Housing Act.
- C. Section 504.

**Prohibited Leasing Practices:** Projects funded by HUD have specific leasing requirements for rental housing projects and the following leasing practices are prohibited:

- A. Requiring participation in services a condition of tenancy.
- B. Requiring tenant to adhere to rules outside of landlord tenant law.
- C. Only accepting tenants from one referral source.
- D. Requiring tenants sign leases of less than one year.
- E. Requiring tenants to waive legal rights.
- F. Requiring tenants to pay owners legal fees if dispute regardless of outcome.
- G. Other prohibited lease practices as described in the written agreement

**Financial Management:** The applicant must comply with federal Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Super Circular 200). Recipients of CDBG funds must have a financial management system in place that complies with all federal standards including cost reasonableness. Applicants that received more than \$750,000 in federal funds in a program year must have a "single audit" in accordance with OMB regulations

**Other Federal Requirements:** Recipients of CDBG funding will be required to comply with all federal laws and requirements including all OMB circulars and other federal requirements not listed in these instructions. These requirements will be spelled out in the written agreement between the City and applicant. Further information is available on request.



**Records Retention:** All records must be retained for seven (7) years after project completion including tenant income and rent information

## **ACKNOWLEDGEMENT OF REQUIRED ASSURANCES**

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**The following two pages must be signed and submitted with the applicant's common application. Proposals that do not contain a signed Acknowledgement of Required Assurances are ineligible for consideration.**

By submitting the accompanying proposal, and by my signature on this document, I understand and agree that any funding award resulting from this solicitation will require compliance with the signed loan agreement and with the regulations, requirements, and policies identified below, including but not limited to:

- State and local codes and ordinances, including the Wisconsin Building Code; projects requiring the rehabilitation of an existing structure must also meet local rehabilitation standards.
- Compliance with the requirements of the [Americans with Disabilities Act Accessibility Guidelines](#);
- Office of Housing and Urban Development (HUD) [Section 8 Housing Quality Standards](#);
- Completion of an environmental review, subject to the requirements of the [National Environmental Policy Act \(NEPA\)](#);
- [Uniform Relocation Act \(URA\)](#);
- [Section 104\(D\) of the Housing and Community Development Act](#) – Additional relocation requirements.
- [Copeland Act](#);
- [Davis Bacon Act](#);
- [Contract Work Hours and Safety Standards Act \(CWHSSA\)](#);
- [Equal Employment Opportunity Act](#);
- [HUD Section 3 Requirements](#);
- [Minority and Women's Business Enterprise \(MBE/WBE\)](#);
- [Lead Based Paint](#);
- [24 CFR 85.36](#), including conflicts of interest and debarment of contractors;
- [Title VI of the Civil Rights Act of 1964](#), as amended;
- [The Fair Housing Act](#);
- [Equal Opportunity in Housing Act](#);
- [Age Discrimination Act](#);
- [Americans with Disabilities Act](#);
- [Section 504 of the Rehabilitation Act](#);
- [Compliance with Office of Management and Budget \(OMB\) Circular A-133](#);
- Compliance with policies of the City of Racine;
- Compliance with federal and state laws requiring the safeguarding and disclosure of confidential information.
- Purchase of comprehensive liability insurance and bonding, as required by the City;
- Completion of an annual financial audit, and/or as applicable, providing the City with a copy of the organization's audited financial statement;
- Completion and subsequent renewal of background checks for all employees, volunteers, or interns who will or may have unsupervised contact with children or vulnerable adults;
- Maintaining program and financial records for audit review, and providing access to documentation upon request by the City;
- Submission of program and financial reports, as required by the City;
- Certification that the firm, association or corporation or any person in a controlling capacity or any





position involving the administration of federal, state or local funds is not currently under suspension, debarment, voluntary exclusion, or a determination of ineligibility by any agency; has not been suspended, debarred, voluntarily excluded or determined ineligible by any agency within the past three (3) years; does have a proposed debarment pending; has not been indicted, convicted or has not had a civil judgment rendered against said person, firm, association or corporation by a court of competent jurisdiction in any matter involving fraud or misconduct with the past three (3) year

**Signature** \_\_\_\_\_

- Verification of a new employee’s eligibility to work legally in the United States; the City requires that all businesses which contract with the City in excess of \$25,000 and of duration longer than 120 days, and are not specifically exempted by [PCC 2.106.022](#), be enrolled in the Federal [E-verify](#) Program. The requirement extends to every subcontractor meeting the same criteria; and,
- Assurance that the selected applicants will not engage in the following prohibited leasing practices:
  - a. Requiring participation in the direct service components of the applicant’s organization, as a condition of tenancy;
  - b. Requiring tenants to comply with requirements which are not part of Wisconsin law;
  - c. Accepting referrals from a single source;
  - d. Requiring leases of less than one (1) year;
  - e. Requiring tenants to waive legal rights as a condition of tenancy;
  - f. In the event of a dispute, requiring tenants to pay legal fees, regardless of the outcome of the dispute;
  - g. Other prohibited practices identified in the written agreement and the CDBG statutes.

\_\_\_\_\_  
Organization

\_\_\_\_\_  
Printed Name and Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

