



TO: Prospective Inspiring Communities RFP 7 2022 Applicants

From: Nick Boettcher, Senior Project Manager and Maryan Abdi, Project Manager

Date: September 14, 2022

RE: Inspiring Communities 2022 RFP ("RFP 7") Questions and Answers

Questions regarding the 2022 Inspiring Communities RFP were due August 26, 2022. Answers to questions received from all bidders follow below. Questions have been edited for clarity and to respect privacy.

**1. Q: I'd like to do a rental housing project. Can I apply with one of those?**

A: Projects that are strictly rental are not allowed: At least one of the units built on each Inspiring Communities RFP site must be owner-occupied. The owner-occupied property may, however, also contain one or more rental units. Some RFP sites are well-suited for duplexes or single-family homes with accessory dwelling units, for example.

**2. Q: I'd like to build a house for myself to live in. Can I do that?**

A: The Inspiring Communities program is not designed for homeowners to build their own homes. It would violate the marketing procedures set forth in the program manual, potentially violate income-eligibility requirements of state and federal funds used to support the program and raise difficult conflict-of-interest issues. Also, building a home through the Inspiring Communities program is more complicated than hiring a builder to build, or building your own home, on private land without the requirements that come along with use of federal, state and local government funds. All proposers should exercise caution in deciding whether to apply for and accept funds through this RFP. If you are interested in purchasing a home built through the Inspiring Communities program, please review the "For Homebuyers" section of the Inspiring Communities webpage at [www.stpaul.gov/inspiringcommunities](http://www.stpaul.gov/inspiringcommunities).

**3. Q: I'd like to buy one of these sites for a side yard. Can I do that?**

A: Because all RFP sites have been determined to be viable for a housing redevelopment, at this time we will only consider proposals that create new housing on the site. Furthermore, redevelopment for housing is most likely to satisfy federal funding requirements the City and HRA are beholden to because of past use of federal funds to acquire, hold or maintain the properties and important public good. If redevelopment through this RFP is unsuccessful, we may pursue





other means of disposition, which may include sale to neighboring owners, provided this sale is compliant with federal funding requirements and all other laws, rules and regulations.

**4. Q: Why don't you award any points for development subsidies greater than \$130,000?**

A: The \$130,000 threshold is based on an assessment of typical subsidies provided in the recent history of the Inspiring Communities program. We recognize that not all projects will be viable with lesser funding amounts. You should request the amount necessary to complete the projects which you are proposing and look to other RFP scoring criteria to earn points.

**5. Q: Will you please provide a sample development agreement?**

A: A sample development agreement is not currently available. Development agreements will be made available to successful bidders at a later date.

To best ensure compliance with all relevant laws, rules and regulations, the development agreement will not be finalized until after a decision to award funds to your proposal is made. We recognize that terms of the award do and should affect your cost estimates, and that changes in the terms of the award may produce changes to your cost estimates. You are free to raise any concerns with the agreement and to request additional funds if significant changes to the terms of the award produce significant cost increases. Rejection of the terms, however, will lead to loss of awarded funds.

Current insurance requirements and major compliance areas (The HRA Sustainability Initiative, City of Saint Paul's Green Building Ordinance, Vendor Outreach Program and Affirmative Action Program, for example) are covered in the RFP specifications.

**6. Q: Why do you provide a Lot Acquisition Price while also accepting bids? Can I offer to purchase the lot for an amount less than the Lot Acquisition Price?**

A: The Lot Acquisition Price is noted for accounting and compliance purposes. Bidders are to enter the Lot Acquisition Price in the Sources and Uses statements provided in the RFP materials.

In general, successful bidders will not be asked to pay the Lot Acquisition Price to the HRA. Instead, this price will be covered by an equivalent "seller credit" from the HRA to the developer at the time the developer takes possession of the lot from the HRA and secured by a note and mortgage in favor of the HRA.

Stated Lot Acquisition Prices are not open to negotiation through this RFP. If, however, any lot or lots on the RFP property list is not successfully redeveloped through this RFP, the HRA may consider other avenues by which to sell the lot or lots, including a negotiated sale price which may be paid by the buyer to the HRA, if permitted by and subject to all applicable laws, rules and regulations.



**7. Q: There sure are a lot of scoring criteria. I don't see how I can earn all the points available.**

A: We do not anticipate that any proposal for any one site will earn all available points, nor did we design the scoring criteria to achieve this potential. Instead, the RFP captures the most important features the HRA wants to see in redevelopment proposals and hopes proposers will, in aggregate, satisfy most or all scoring criteria through redevelopment of all available sites.

Proposals will be graded in relative and not absolute terms. The more criteria a proposal satisfies, the higher it will score relative to other proposals and the more likely it will be to be selected.

**8. Q: Is there a maximum for which a developer can apply?**

A: An applicant could propose to redevelop all sites offered through the RFP. While the City and HRA are limited in the overall RFP budget, there is no maximum dollar amount which a developer may request. Applicants should request the amount of funding necessary to complete their project or projects.

**9. Q: Do I have to build a garage? And if I do, does it have to be detached and behind the property? What are the setback requirements?**

A: There are at least three components to address. The first and simplest is in regard to the Inspiring Communities Design Criteria. A garage is generally required, but staff are open to waiver requests because we recognize there are site constraints, we are in a challenging, costly environment for housing construction, and parking minimums have been basically eliminated in the City's zoning code. Please send any waiver requests at least three days before the RFP deadline to [nick.boettcher@ci.stpaul.mn.us](mailto:nick.boettcher@ci.stpaul.mn.us) and [maryan.abdi@ci.stpaul.mn.us](mailto:maryan.abdi@ci.stpaul.mn.us), or include the waiver request as an attachment to your proposal.

The second component relates to zoning. It is difficult to offer a general response because the building layout and density you propose, as well as the zoning of the site, all affect setback and garage requirements. Our planning staff may be able to advise on a case-by-case basis. For general guidance, please refer to the setback requirements here and garage regulations here.

Finally, consider building code requirements. For that, please consult building code or an architect. We are not equipped to address building code requirements.



**10. Q: I have some experience with Inspiring Communities projects. It can sometimes take the City and HRA six or seven months to make an award decision and just as long to provide a final development agreement. I can't hold my costs that long, and neither can my contractors or suppliers. Since the City/HRA caps the allowable eligible total development costs at the amount I originally proposed, I was at risk of taking a loss when my costs increased.**

A: Total development costs are fixed in the development agreement. The development subsidy (aka "Value Gap") is not fixed except as an "up to" amount. As an example:

i.	Original Total Development Costs proposed:	\$400,000
ii.	Original Estimated Sale Price:	\$270,000
iii.	Original Value Gap awarded (i. minus ii.):	up to \$130,000
iv.	Final Total Development Costs:	\$450,000
v.	Final Actual Sale Price:	\$280,000
vi.	Value Gap disbursed (i. minus v.):	\$120,000
vii.	Developer's Actual Value Gap (iv. minus v.):	\$170,000
viii.	Developer's Profit or (Loss) (vi. minus vii.):	(\$ 50,000)

We recognize that delays are costly and that construction costs and the real estate market have been especially volatile over the past several years. While we are working to minimize delays, provide clarity around the terms of working with us and proceed efficiently, delays of the length you have described are not uncommon.

To avoid losses, ensure you can deliver the specified product for the Total Development Costs specified in the development agreement. Contact your PED project manager about an amendment if necessary. Do not assume the full amount of Value Gap (aka Development Subsidy) awarded will be available to you if your costs and estimated sales price both increase beyond initial estimates.

The disclaimer from the RFP Specifications bears repeating:

Real estate development carries significant financial risk. You are not guaranteed a profit and may experience a loss even if you receive all funds for which you apply. Market factors, delays and changes to the regulatory environment will impact your project(s). This is so even if the projections you make in your application are based on a full and correct understanding of the requirements of the Inspiring Communities program, current housing and real estate markets, and current federal, state and local regulatory requirements. Read the RFP materials thoroughly and consult business, tax and legal advisors as necessary.

**11. Q: Would you please share the slides from the pre-bid compliance conferences?**

A: Absolutely! Please see attached.



**12. Q: The no-step entrance requirement is very difficult to meet. I'm a builder and I want to work from building plans that I already have experience with. I do not want to pay an architect to re-draw the plans and experiment with a new building type.**

A: Visitability is a requirement both of the Inspiring Communities program and, when Minnesota Housing funds are used, as they will be in most RFP projects, the Minnesota Housing Finance Agency and state statute. One of the three required elements of Visitability is a no-step entrance. The three required elements are:

- 32-inch clear opening doorways throughout the dwelling
- At least one no-step entrance
- A one-half bath or larger bathroom on the main level

Note that the no-step entrance need not be at the front of the house; it could be at the side or the back. Minnesota Housing has made available some guidance for new home builders on its website: Visitability and Prevailing Wage Webinar ([mnhousing.gov](http://mnhousing.gov)). (Note we do NOT expect prevailing wage to apply to your project, although the Visitability requirement will apply.)

Developers should make every effort to accommodate all three Visitability elements in their home design and construction. There is limited potential for a waiver if:

- Site conditions make the requirement for a no-step entrance impractical or if it reduces affordability for the targeted population.
- Providing a half-bath (or larger bathroom) on the main level reduces affordability for the targeted population.
- There is no waiver to the 32-inch clear opening doorways requirement.

In order to request a waiver to either or both of the Visitability elements that may be waived, please attach a letter to your proposal explaining:

- The Visitability element(s) for which you are requesting a waiver, and for which projects or units; and,
- How each requirement reduces affordability for the targeted population; and,
- For waiver of the no-step entrance element, an identification of the site and an explanation of how the site makes providing a no-step entrance impractical; and,
- For each unit or project for which you are requesting a waiver, provide architectural drawings (if available) and site surveys, preferably topographic and boundary survey with building footprints. If architectural drawings are not available as of the submittal of your proposal, we may need to ask you to provide them before addressing your waiver request.

**13. Q: What do you mean by "2 years relevant experience?"**

A: The RFP specifications ask for a "description of the Respondent's real estate development and other relevant experience." This is meant to be broad and welcoming to emerging developers.



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In responding, please address how you believe your professional experience and life experience prepare you to complete projects through the Inspiring Communities RFP.

**14. Q: How much should the home we build be worth?**

A: Homes must be sold for their fair market value to income-qualified buyers. This means you will need to make an assessment about what price point is affordable to buyers with household incomes below 80% AMI, or a lower level if you select one (i.e., 70% AMI or 60% AMI), and what you anticipate the final appraised value to be. The difference between the two will be the amount of Homebuyer assistance your prospective buyers may need.

Homebuyer assistance may be available from the HRA up to certain thresholds depending on the type of property, income level of the buyer, and their resulting payment on any other mortgages on the property. This may cover a portion of the sales price via a subordinate lien. It is not a reduction in the sales price. See the homeownership program manual included in the RFP specifications for details on the HRA's homebuyer assistance associated with the Inspiring Communities program.

Homebuyer assistance may also be available from other sources, such as the Minnesota Housing Finance Agency's StartUp first mortgage program, NeighborWorks Home Partners, Twin Cities Habitat for Humanity, and others. Consult the Minnesota Homeownership Center's Down Payment Resource Tool for more information.

**15. Q: I'd like to buy one of these houses once they're built. What do I need to know, and what do I need to do?**

A: We recommend all potential homebuyers contact a third-party Homeownership Advisor as soon as possible. A Homeownership Advisor can help you prepare for homeownership. This is a great benefit, provided at low or no cost to you thanks to support from the state of Minnesota, City of Saint Paul, U.S. Department of Housing and Urban Development, and others. Completion of education or counseling must be completed prior to purchasing a home built through the Inspiring Communities program.

A Homeownership Advisor may also be able to help determine whether you are likely to qualify to purchase a home built through the Inspiring Communities program, although the final determination rests with your mortgage lender, the developer, and the City. Just be sure to mention to them that you're interested in an Inspiring Communities house, and point them to the Inspiring Communities webpage at [www.stpaul.gov/inspiring-communities](http://www.stpaul.gov/inspiring-communities).

These HUD-approved Homeownership Advisors operate in Saint Paul:



- **Neighborhood Development Alliance (NeDA):**
  - o [www.nedahome.org/contact](http://www.nedahome.org/contact)
  - o 651-292-0131
- **NeighborWorks Home Partners:**
  - o [hello@nwhomepartners.org](mailto:hello@nwhomepartners.org)
  - o 651-292-8710
- **LSS Financial Counseling**
  - o [lssfinancialcounseling@lssmn.org](mailto:lssfinancialcounseling@lssmn.org)
  - o 888-577-2227
- **Comunidades Latinas Unidas en Servicio (CLUES)**
  - o [info@clues.org](mailto:info@clues.org)
  - o 651-379-4200
- **Model Cities, Inc.**
  - o [info@modelcities.org](mailto:info@modelcities.org)
  - o 651-632-8350

For more information on eligibility to purchase a home built through this Inspiring Communities RFP, see the Inspiring Communities webpage at [www.stpaul.gov/inspiring-communities](http://www.stpaul.gov/inspiring-communities).

Attachment (1): Pre-Bid Compliance Conference PowerPoint slides.





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**CITY OF SAINT PAUL**

**INSPIRING COMMUNITIES**

**2022 RFP PRE-BID CONFERENCE**



# Introduction

**Nick Boettcher**

Senior Project Manager

**Maryan Abdi**

Project Manager



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# Affirmative Action

**Yia Thao**

**Affirmative Action/Equal Employment  
Opportunity Coordinator  
651-266-8928  
[yia.thao@ci.stpaul.mn.us](mailto:yia.thao@ci.stpaul.mn.us)**



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# Vendor Outreach Program

Contract Compliance division of the  
Department of Human Rights and Equal Economic Opportunity

Sara Nurmela  
Compliance Coordinator - VOP



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## Vendor Outreach Program (VOP)

- Applies to projects with a total project cost over \$50,000
- Business inclusion goals – 25% overall, with subgoals:
  - 5% to minority-owned business enterprises (MBE)
  - 10% to woman-owned business enterprises (WBE)
  - 10% to other small business enterprises (SBE)
- Businesses must be CERT certified to count toward VOP goals
- Reporting requirements will be discussed further at a pre-bid or pre-construction meeting

# VOP responsibilities



Access the CERT directory  
[www.cert.smwbe.com](http://www.cert.smwbe.com)



Reach out to CERT certified businesses  
for each scope of work, supply, service



Keep records of vendors solicited for  
bids and responses received



Include VOP specs with subcontracts





Can use the CERT list/directory to find small local vendors, even if VOP is not a requirement on your project



If you own a small local business, you can become CERT certified

Certification is free and lasts for 3 years

Contact the CERT program directly

# Vendor Outreach Program

Contact:

Sara Nurmela

Compliance Coordinator – VOP

[sara.nurmela@ci.stpaul.mn.us](mailto:sara.nurmela@ci.stpaul.mn.us)

[contractcompliance@ci.stpaul.mn.us](mailto:contractcompliance@ci.stpaul.mn.us)

## CERT

[www.cert.smwbe.com](http://www.cert.smwbe.com)

[cert@ci.stpaul.mn.us](mailto:cert@ci.stpaul.mn.us)

651-266-8966 – Choose the option for “CERT”



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# HUD Section 3

Jef Yang

[jef.yang@ci.stpaul.mn.us](mailto:jef.yang@ci.stpaul.mn.us)



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# Design Criteria

[www.stpaul.gov/inspiringcommunities](http://www.stpaul.gov/inspiringcommunities)

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# SUSTAINABLE/GREEN REQUIREMENTS

## INSPIRING COMMUNITIES DESIGN CRITERIA

DIVISION	#	CRITERION	REHAB	NEW CONSTRUCTION
<b>DIVISION 1 – GENERAL REQUIREMENTS</b>				
		<b>Saint Paul Sustainable Building Ordinance</b>	Covered projects (generally, projects receiving more than \$200,000 in public funding) must adhere to the requirements of Chapter 81 of the Saint Paul Administrative Code, including the Saint Paul Overlay. Current versions of Chapter 81 and the Saint Paul Overlay are attached for reference.	
		<b>Green Communities Certification</b>	Consistent with the City of Saint Paul Sustainability Ordinance (Chapter 81 of the Code of Ordinances), projects receiving more than \$200,000 in public funding must obtain certification of compliance with the Enterprise Green Communities Criteria as modified by the Minnesota Overlay from Enterprise Community Partners. Visit <a href="http://www.enterprisecommunity.org">www.enterprisecommunity.org</a> for details.  Projects receiving less than \$200,000 in public funding do not need to obtain certification from Enterprise Community Partners but must engage their assigned Project Manager in a review of compliance with the Green Communities Criteria. This includes submittal of a completed Minnesota Housing Single Family <a href="#">Intended Methods Worksheet</a> to their assigned Project Manager.	





# SUSTAINABLE/GREEN REQUIREMENTS

- Plan to obtain ENERGY STAR New Home certification.
- Identify and work with a HERS rater now.



# VISITABILITY

- Required of all Inspiring Communities new construction projects according to program guidelines.
- Required of all MHFA-financed new construction projects according to state statute.
  - Many Inspiring Communities projects will be MHFA-financed
- Three required elements:
  - 32-inch clear opening doorways throughout;
  - At least one no-step entrance\*;
  - Include construction of a half bath or larger on the main level\*

\*Waiver possible but not guaranteed. Contact PED staff to discuss potential waiver.



# **GARAGE?**

- Garage required generally, BUT
- We are receptive to waiver requests.

# Questions?

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