

2009-2010 NOFA BIDDERS CONFERENCE
Question and Answer Session

Q1: How long will it take for funding to become available if your project's chosen? And how will the transfer of funds be structured?

A1: Due to the anticipated number of acquisition/rehabilitation applications to be received, the necessary review process of each, selection of finalists and further review of finalist's application packages, the Agency hopes to get the item to Council by July 1st, 2010. The transfer of funds will be structured as a GAP financing loan at some fixed rate. Will come via a residual receipts loan; not a DDA

Q2: Because we're dealing with a lot of HAP rehab, but we probably won't be dealing with a tax credit timeline. Was that sort of the general consensus?

A2: Let's assume that, so we're dealing with an over account of application (bonds) or maybe your financing plan doesn't require that it just requires a submission to City Council, I think we can review the app select finalists, review the specific app parameters and get those projects that we want to fund in front of Council for review sometime by July 1, 2010. This will cause you to have to structure your acquisition based on that timeline. Now, it also leads into another question ----- How is this going to be structured in terms of the transfer of dollars, is this going to be a loan, or some sort of EDA or unlike raw dirt, where you're going to be building ground up, my assumption again, correct me if I'm wrong, looks like just a gap financing loan some sort of residual receipt loan some fixed interest rate so it would be coming on-line as you close escrow. So that's how the funding will sort of play out unless of course [and we're open to other financing concepts] but that's generically how we see it happening. It would not necessarily be a DDA it would be just a deferred payment residual receipt loan.

Q3: I find a property today, and in order to put it into that program, I want to tie it down so I tie it down with my own money and they want to close within 30 days or 45 days, I paid for it, is it still an REO? Because there is a problem here; now it's not an REO anymore.

A3: You may have to take a look at the new regulations associated with NSP. That's sort of an NSP issue. I would suggest if you're looking at REOs or distressed properties that you talk to the lady that was here, Ms. Castillo and talk to the County _____ based on the structure that you're proposing still meets that criterion. We can help you but we're running our own NSP program but it's separate from this and if you're going after that type of project you will be working with the County's money, so, I don't want to tell you something that may not be correct with regard to the County resources. But, we can help you structure it.

Q4: Out of \$6 million, how much of it is RDA funds and how much of it is HOME funds?

A4: All of it is RDA funds right now.

Q5: Are you going to be looking for any third party reports like a market study?

A5: Not for this submission. As we get the finalist, and we identify costs, requirements and specific sites. What those are will be depending on the specific property and our knowledge of those properties and the issues associated with them. It will be on a case-by-case basis.

Q6: Is there a preference for a conventional based property over a HUD Section 8 property?

A6: The Agency has no preference. Although it will affect your financing, there is no significance to the Agency as long as you can prove the financing is still available. The decision will be property based; if it's run down and causing negative affects (high police and code enforcement activity) to surrounding area(s).

Q7: You mentioned City Council, do they make the final decision? Or is it your department that makes the final decision on the winner of the NOFA?

A7: We recommend the final decision and it is our hope we have more than just one app. We see an opportunity in this market environment to take several apps to the Council to the extent that the money is there we'll try to work with those apps that really make sense for the City and we'll try to find the resources. I can't tell you what that is because we haven't seen it yet, but we have allocated \$6 million thus far and I'm fairly confident based on the types of apps we see and quality, we can ramp that up. We can dip into the County's pool if it makes sense.

Q8: Is there a preference for a conventional based property over a HUD Section 8 property?

A8: The Agency has no preference. Although it will affect your financing, there is no significance to the Agency as long as you can prove the financing is still available. The decision will be property based; if it's run down and causing negative affects (high police and code enforcement activity) to surrounding area(s).

Q9: Is there a preference for preserving existing affordable vs increase in converting the market rate to affordable as long as it meets the objectives of rehabilitating?

A9: We will not bypass anything that is already affordable. We are trying to extend, it would be great if we could take existing under performing market that's really bad we will not deny any application that comes in our main objective is to get rid of some of the blighting influences that we currently see.

Q10: Are you really set on the 50 units?

A10: Only because it creates enough of a project in a specific area.

Q11: Under the scoring criteria you said that you are going to assign numbers to 6 or 7 line items, can you share that with us?

A11: Yes, there is no way around it. Property management is critical. Just ensure that all points are covered in the submission of your application.

Q12: Will NHSA dollars be supported?

A12: The Agency will take a look at it.

Q13: What minimum threshold would the Agency accept as "site control", a Letter of Interest from a potential seller to sell to the Developer?

A13: The Agency prefers something a little stronger. At a minimum, a Letter of Intent is required. It shows a special level of commitment where the Agency can determine there's a direct relationship between the potential seller and the developer; and that would preclude another developer from submitting the same project.

Q14: In the event of selection will you have dollars available for due diligence?

A14: Yes, the Agency can reimburse predevelopment costs.

Q15: Can one Developer submit multiple proposals?

A15: Yes, just ensure that each proposal stands on its own and that the projects are high quality.

Q16: You mentioned earlier that you have \$6 million now, but you may have some other funds that you can tap into including some County funds. Can you elaborate?

A16: Notwithstanding what the State redevelopment funds are available. Housing is going to remain separate. Depending on the number and quality of projects received. We want to be effective and efficient with our money.

CJ - Is there anything we can do to make this process easier, better going forward, are we getting the information out to you appropriately, how can we help you make your job easier? Other than the issue with the land, the property and letter of interest vs. letter of intent.

Q17: The Proforma financing plan, is that to be submitted electronically, in addition to the application or is that on a disc?

A17: Agency Staff prefer a hardcopy with application and will follow-up to inquire if you have an electronic version.

Additional questions received via e-mail after Bidder's Conference

Q1a: First, if I heard you correctly, a project could apply for the current NOFA, the County's NSP funds, and the City's NSP funds for a single project, provided it met the "foreclosed" definitions recently issued by HUD. Is that correct?

A1a: The City of San Bernardino does not have any NSP funds available under our NOFA. We are using RDA housing set aside funds for the NOFA with the potential for HOME funds, if necessary. The County of San Bernardino has NSP funds that may be used in the City to the extent the development site meets specific NSP guidelines.

Q1b: If so, is any area of the City eligible? Or, to obtain NSF funds, does the project have to be in the City's identified NSP target area?

A1b: If NSP funds are used in the City of San Bernardino the property must be in a designated NSP target zone. You can go to the Agency's website(sbrda.org) to confirm the boundaries. If the project is worthy but outside the existing target area we would be willing to amend the boundaries to include it in the NSP target zone.

Q2: Were you about to determine if the EDA funds trigger prevailing wage? If so, which rates would apply? It dramatically impacts our construction costs.

A2: TBD