

**REQUEST FOR QUALIFICATIONS
RENOVATION AND MANAGEMENT OF SCATTERED SITE RESIDENTIAL PROPERTY
FOR THE CITY OF MILWAUKEE**

Summary

The Milwaukee Department of City Development (DCD) is requesting responses to this Request for Qualifications (RFQ) from parties that have the capacity and proven experience to renovate, manage and maintain a portfolio of between 20 and 30 City-owned, scattered site foreclosed properties as affordable rental properties. Responses submitted by partnerships between development firms/general contractors and property management firms are welcome. The City will provide up to \$1 million to cover the cost of property renovation.

RFQ information meeting

Firms that wish to respond to this RFQ are strongly encouraged to attend an information meeting at 1:30 pm Monday, September 14, 2015, in the first floor board room at the Dept. of City Development, 809 N. Broadway.

RFQ process and requirements

To qualify to respond to this RFQ, applicants must demonstrate they have successfully managed the renovation of at least 20 scattered-site residential properties in the city of Milwaukee since 2013, and demonstrate that they currently manage the rental of at least scattered site residential properties. Recognizing that a single company may not be able to meet these qualifications, we encourage the creation of teams consisting of a developer or general contractor and a property management firm to respond to this proposal.

The responses to this RFQ will be evaluated to select a single entity or team to undertake the renovation, management and ongoing maintenance of the City's rental portfolio. The City reserves the right to seek additional information from one or more respondents prior to making its selection.

Scoring responses to the RFQ

Responses to this RFQ will be scored on the following criteria:

- Residential renovation experience and capacity – ability of the entity/team responding to this proposal to renovate a portfolio of tax-foreclosed, scattered site one- and two family properties in a timely manner
- Property management experience and capacity – ability of the entity/team to successfully manage renovated, scattered site one- and two-family properties on behalf of the City of Milwaukee over a three-year period
- Commitment to use Small Business Enterprises and resident employees
- Construction management fee and property management fee
- Responsiveness of the proposal to the City's needs

DCD reserves the right to ask for additional information and meet with the top scoring respondents.

Background

The City of Milwaukee has experienced a significant increase in the number of properties it has acquired through the tax-foreclosure process. The City currently owns more than 1,000 foreclosed properties; most are one- and two-family residential properties.

In 2014, the City launched its “Strong Neighborhoods Plan,” a comprehensive effort to address impacts of the growth of tax foreclosure and stabilize City neighborhoods. Revitalization is a key component of the plan.

The goals of the City’s Strong Neighborhoods include the following:

- Return vacant City-owned tax foreclosed properties to productive use.
- Provide high quality affordable housing opportunities for Milwaukee residents.
- Cluster redevelopment efforts in a manner that results in a positive impact for the surrounding neighborhood.
- Encourage new investment in housing in Milwaukee neighborhoods.
- Provide construction opportunities for local small business enterprises and job opportunities for local residents.

The 2015 City budget set aside \$1 million to develop a number of City-owned properties as a rental portfolio (“Portfolio”). This RFQ seeks a partner to renovate a group of City-owned properties and manage those properties as affordable rental units for a period of three years. Properties will remain in City ownership during that period. This initiative is intended to test the relative costs and benefits of maintaining City ownership of properties, renovating them, and operating them as rental units, rather than selling them to private owners as is. At the end of the three-year rental period, the properties may be retained by the City, or marketed for sale, including the possibility of sale to tenants.

Property characteristics

The City owns more than 1,000 tax-foreclosed properties. (See Attachment A for a map that shows the distribution of these properties.) The Department of City Development (DCD) will prepare a list of properties that are candidates for this project; the selected applicant will work with DCD to choose a subset of the properties that can be renovated within the \$1 million budget. We will seek to cluster these properties geographically. A scope of work, prepared by a City inspector and listing those items that must be repaired in order to achieve minimal compliance with the City’s property maintenance code, will be provided for each property.

The selected applicant will be required to renovate each property to a “moderate” rehabilitation standard. It is possible that the scope of work and cost estimates prepared by the City inspector are not sufficient to achieve this standard. The selected developer will be required to prepare and provide to DCD a revised scope of work and cost estimates for moderate rehabilitation. Property rehabilitation should be carried out in accordance with the City of Milwaukee’s “Rehabilitation Technical Specifications and Performance Standards” manual.

Once final scopes of work have been approved by DCD, the selected applicant will solicit bids, award contracts, and supervise construction. The selected applicant must have the capacity to complete all renovation work within four months of scope approval.

Property management and maintenance

The selected applicant will be under contract to manage and maintain the renovated properties as a rental portfolio. The applicant will be required to market the properties for rental; screen applicants; enter into leases; hold security deposits in escrow; develop and enforce rules for tenant conduct; prepare an overall budget for the units in the rental portfolio; provide monthly reports on actual costs compared to budget; collect rent, security deposits, etc. and properly account for all payments and deposits; perform snow and ice removal and grass-cutting; perform trash removal, minor cleaning, locksmith, board-up, minor carpentry, minor plumbing and minor electrical repairs on an as-needed basis; and perform all other customary management and maintenance services for residential rental units.

All rent proceeds, less management fees and out-of-pocket costs, are to be returned quarterly to the City of Milwaukee.

DCD will enter into a property management contract for one year, with the option to extend the contract for two additional one-year terms.

Contract

DCD will negotiate a contract with the selected applicant. The contract shall include provisions that apply to both the property renovation activity and the ongoing management of the rental portfolio. The contract provisions will include, but not be limited to, the following items:

Property renovation

- Addresses of properties to be renovated and managed
- Final scope of renovation work and estimated costs for each property
- Property renovation schedule and anticipated date for occupancy
- Requirements for the use of resident employees and certified small business enterprises in the renovation of property
- Developer's construction management fee to refine scopes of work, solicit bids, and manage construction
- Insurance requirements
- Bonding requirements

Property management and maintenance

- Rent schedule for renovated properties
- Tenant screening practices to be employed by the property manager
- Property management standards and policies to be utilized by the property manager
- Property management fee
- Schedule for periodic unit inspections
- Method for billing City to reimburse property maintenance costs, utility costs, and any other costs associated with managing the portfolio
- Allowable vacancy reserve
- Allowable repair reserve
- Marketing expenses and practices

- Requirements for the use of resident employees and certified small business enterprises in the management and maintenance of property
- Insurance requirements

RFQ submission criteria

Developers/general contractors and property management firms interested in this opportunity must submit the following information.

1. Provide information about the entity that will carry out the work of property renovation.
 - a. How long has the entity been in business?
 - b. What is the annual revenue of the entity?
 - c. What percentage of the entity's work involves the renovation of one- and two-family houses?
 - d. Describe in detail the firm's experience in the renovation of scattered site residential property within central city Milwaukee neighborhoods.
 - e. Provide the addresses of Milwaukee properties the firm has renovated during since 2013.
 - f. Provide a list of the Milwaukee-area renovation contractors the firm has used during the past year.
 - g. Provide references from at least two customers for which the entity has provided renovation of one- and two-family residential units.
 - h. Describe the construction management fee that will be charged to prepare the final scope of work, undertake bidding, and manage construction activity. Specify any additional fees besides the construction management fee that would be charged during the renovation portion of this project.
 - i. Provide any other information that will help the Department evaluate the capacity of the entity to undertake moderate renovation of City-owned foreclosed properties.
2. Provide information about the entity that will carry out the work of property management and maintenance.
 - a. How long has the entity been in business?
 - b. What is the annual revenue of the entity?
 - c. What percentage of the entity's work involves the management of scattered site rental units within one- and two-family properties?
 - d. How many total units does the entity manage?
 - e. What is the vacancy rate on the scattered site one- and two-family properties managed by the entity? Include both physical and economic vacancy rates.
 - f. What is the entity's standard management fee for the management of scattered site properties? Indicate whether the fee is assessed on a percentage of rent collected, or on a per unit per month basis, or other means. Indicate the items covered by the management fee.
 - g. Provide a copy of the standard lease used by the entity.
 - h. Does the entity own properties? If so, provide a list of the city of Milwaukee properties the entity owns.
 - i. If the entity provides property management services to other property owners, provide at least two customer references.

- j. Outline the entity's standard marketing practices to seek responsible tenants for one- and two-family scattered site rental units.
- k. Provide the addresses of the city of Milwaukee properties the firm currently manages.
- l. Provide a list of the Milwaukee-area maintenance contractors the firm has used during the past year, if any.
- m. Discuss the general property management philosophy and practices used by the entity. Address matters such as leasing practices, marketing, vacancies, maintaining ledgers, disposition of security deposits, response to maintenance complaints, ongoing maintenance schedules for properties, response to tenant behavior issues, etc.
- n. Provide any other information that will help the Department evaluate the capacity of the entity to undertake the management and maintenance of a portfolio of renovated, City-owned foreclosed properties.

Use of Certified Small Business Enterprises

The selected applicant will be required to contract with City-certified Small Business Enterprises (SBE) for at least 40% of all renovation work not undertaken by the developer's own employees.

The selected applicant will be required to contract with City-certified Small Business Enterprises (SBE) for at least 40% of all management and maintenance work not undertaken by the management firm's own employees.

A list of certified SBE firms is available on the web site of the City's Office of Small Business Development.

MLB
6/11/2015