

Chicago Neighborhood Stabilization Program

Request for Proposal: Licensed Real Estate Professional Services

August 27, 2010

A Partnership of:

The City of Chicago

Mercy Portfolio Services

Para una versión en Español, por favor llamar a Darlene A. Dugo (312) 447-4536

Mercy Portfolio Services (MPS)

REQUEST FOR PROPOSAL

This Request for Proposals (“RFP”) is being issued by Mercy Portfolio Services (“MPS”) in its capacity as manager of the Neighborhood Stabilization Program (NSP) for the City of Chicago (the “City”). MPS invites the submission of proposals from qualified Real Estate Professionals to facilitate the acquisitions of abandoned and foreclosed properties, in targeted areas; and, to list and assist in the sale and marketing of the redeveloped NSP properties.

In order to participate, respondents must have adequate insurance as outlined in the RFP, and all applicable licenses, permits required by the State of Illinois, the City of Chicago and any other applicable jurisdiction. The agent or firm must have access to the Multiple Listing Service of Illinois (MRED), virtual tour/photo home marketing, and an email marketing program.

Further, MPS seeks respondents with community development experience. Community development experience may be demonstrated by the following: aiming to improve communities through collaborative efforts, having an extensive knowledge of, and expertise on, issues of importance to the community, and having established working relationships with nonprofit organizations and local stakeholders in specific NSP target areas (areas noted at the end of this RFP). “**Respondents**” means the companies or individuals that submit proposals in response to this RFP.

MPS is seeking to encourage participation by respondents who are MBE/WBE and Section 3 Business Concerns, and has a goal for minimum MBE/WBE participation of at least 24% MBE and 4% WBE participation; and, 3% Section 3 Business Concerns. Contracts will be subject to the requirements of Section 3 of the HUD Act of 1968 as amended.

The work contemplated is professional in nature. The Respondent shall be financially solvent and each of its members (if a joint venture), its employees, agents or sub-consultants of any tier shall be competent to perform the services required under this RFP, in accordance with the Illinois Real Estate Licensing Act of 2000.

Nothing in this RFP shall be construed to create any legal obligation on the part of MPS or any respondents. MPS reserves the right, in its sole discretion, to amend, suspend, terminate, or reissue this RFP in whole or in part, at any stage. In no event shall MPS be liable to respondents for any cost or damages incurred in connection with the RFP process, including but not limited to, any and all costs of preparing a response to this RFP or any other costs incurred in reliance on this RFP. All documentation submitted in response to this RFP will become the property of MPS.

Respondents may also withdraw their interest in the RFP, in writing, at any point in time as more information becomes known.

TIME of COMPLETION

Any agreement awarded pursuant to this RFP solicitation shall be in accordance with the scope of work and compensation as outlined below, and, within a mutually agreed upon expedited timeframe.

TERM of AGREEMENT

Any agreement awarded pursuant to this RFP solicitation shall be for a period of up to 18 months, with the possibility of an extension, in a specified NSP targeted area.

BACKGROUND

In 2008, Congress passed and the President signed into law the Housing and Economic Recovery Act of 2008 (“HERA”). A provision of the law, known as the Neighborhood Stabilization Program (“NSP”), provides states and local governments with funds to address the impact of vacant and foreclosed homes. On September 26, 2008, the U.S. Department of Housing and Urban Development (“HUD”) announced that it had allocated \$55,238,017 to the City. Further, NSP 2 a term that references the NSP funds authorized by [Title XII of Division A of the American Recovery and Reinvestment Act of 2009](#), (the Recovery Act) provides grants to states, local governments, nonprofits and a consortium of public and or private nonprofit entities on a competitive basis. On January 14, 2010, the U.S. Department of Housing and Urban Development (“HUD”) announced that it had allocated \$98,008,384 to the City. For more information go to www.chicagosp.org.

In order to expedite the effective use of the NSP funds, the City of Chicago is sub-granting the funds to MPS, a non-profit corporation that is an affiliate of Mercy Housing Inc. MPS will coordinate all REO property acquisitions, rehabilitation and sales, and ensure compliance with all federal, state, and City regulations.

MPS is issuing this Request for Proposals. All responses and questions should be directed to MPS at the address indicated below and not to the City.

CITY OF CHICAGO OBJECTIVES

Given the scale of the foreclosure issue and its adverse impact on neighborhoods, the City has established the following neighborhood stabilization goals:

1. Stabilize neighborhoods by getting vacant and foreclosed homes up-to-code and occupied as quickly as possible.
2. Strategically target interventions to protect neighborhoods impacted by foreclosure, preserve public and private investments, and make a measurable impact in targeted areas.
3. Create efficiencies and economies of scale by acquiring vacant, foreclosed properties in bulk at a discount from lending institutions and redeveloping those properties with a broad network of qualified development partners.
4. Prioritize interventions on vacant, foreclosed 1-6 unit properties and other larger buildings that adversely impact neighborhood stability and quality of life in targeted areas.
5. Ensure compliance with affordability restrictions on rehabilitated homeownership and rental housing units.

NSP REQUIREMENTS

The regulations governing NSP were published in the Federal Register on October 6, 2008 (Volume 73, Number 194). The regulations governing NSP2 were published in the Federal Register on May 7, 2009 (74 FR 21377). Notices can be viewed at www.hud.gov/nsp. Respondents are strongly encouraged to read these regulations prior to submitting their response to this RFP.

HERA requires that all NSP funds be spent by March 27, 2013. ARRA requires that all funds be spent by February 11, 2013.

COMPENSATION

Compensation for the scope of work requested for assistance with property acquisitions will be in the form of a percentage commission, a flat fee, or an hourly rate, earned as the Buyer's Broker, as agreed to by the selling and listing agents, and paid by the listing real estate broker.

Compensation for the Listing Broker for the sale and marketing of NSP properties shall be 5% of the buyer's purchase price with a minimum co-op commission offered at 2.5%, to be paid at closing. No additional fees can be charged to the co-op agent or developer.

SCOPE OF WORK

MPS seeks sealed proposals from Licensed Real Estate Professionals to facilitate the acquisition of abandoned and foreclosed properties (see NSP Notice Definition below), located in Chicago community areas identified as NSP target areas (see areas at the end of this RFP) and, to list and assist in the sale and marketing of the redeveloped NSP properties.

Licensed Real Estate Professionals will be needed for each targeted area and must agree to collaborate and work cooperatively to achieve the scope of work.

NSP Notice Definition: Abandoned. A home or residential property is "abandoned" if either: a) mortgage, tribal leasehold, or tax payments are at least 90 days delinquent, or b) a code enforcement inspection has determined that the property is not habitable and the owner has taken no corrective actions within 90 days of notification of the deficiencies, or c) the property is subject to a court-ordered receivership or nuisance abatement related to abandonment pursuant to state or local law or otherwise meets a state definition of an abandoned home or residential property.

NSP Notice Definition: Foreclosed. A 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.

MPS is interested in facilitating the acquisition of abandoned and foreclosed properties from various mortgage loan servicers for the purpose of rehabilitation, or demolition to foster neighborhood stabilization.

During the NSP grant period, which runs through March 2013, MPS anticipates up to 2,000 units purchased across the respective NSP areas. It is important to note that all purchase transactions must comply with the Federal Register Notice: Section 2301(d)(1), which limits the purchase price of a foreclosed home, as follows: Any purchase of a foreclosed upon home or residential property under this section shall be at a discount from the current market appraised value of the home or property, taking into account its current condition, and such discount shall ensure that purchasers are paying below-market value for the home or property. Specifically, an individual purchase discount of one percent (1%).

The following services are requested of the Buyer's Broker under this RFP:

- Identify the best course of action for acquisition of NSP eligible properties (and anticipated NSP eligible properties) within the targeted areas and offer the most comprehensive services in identifying properties within these communities including, but not limited to, block-by-block property indexing with photos;
- Identify strategies for acquiring eligible properties that are not yet listed;

- Provide accurate information for the decision making process to determine which properties are best-suited for rehabilitation vs. demolition and homeownership vs. rental;
- Cooperate fully with listing agents and educate them about the Neighborhood Stabilization Program and what the process will entail as you represent Mercy Portfolio Services in the transaction;
- Assist in monitoring all the components of a real estate transaction;
- Write, negotiate, and submit all offers for Mercy Portfolio Services as the client and in keeping with the expectation of NSP regulations (i.e. achieve property discount based on appraised value);
- Have all disclosures prepared once the offer is accepted with any seller /buyer addendums;
- Ensure all required signatures are obtained from the buyer within 24 hours and delivered/uploaded to the listing agent;
- The Buyer's Broker will establish an escrow account in a federally insured depository institution; and, will accept all earnest money deposits for MPS acquisitions.
- Ensure and coordinate access to the property for developers, appraiser, specification writer, surveyor, and for any environmental inspections;
- Provide monthly market reports for designated area; and
- Provide Broker Price Opinion (BPO) when needed.

The Listing Brokerage must be able to provide at a minimum:

- 16 photos total - no exceptions;
- A virtual home tour or photo tour with Iframe capabilities;
- Prepare and provide color property flyers for mass distribution (subject to approval by MPS);
- Outline distribution plan for flyers (should be able to distribute within 5 days of listing the property);
- Be able to prepare a six (6) month Affirmative Marketing Plan with monthly activity reporting from the listing date. Update marketing plan after 90 days with recommendations if not sold or pending;
- Prepare and update Cost Market Analysis (CMA) for listed property every 30 days;
- Provide access to properties for all interested parties by utilizing Sentrilock system if Broker is unable to attend showing. Properties to be secured at all times;
- Hold a minimum of six (6) Open Houses for the general public within a 6-month period;
- Listing Broker must have an email account and also have the ability to upload documents;
- Listing Broker must be available by cell phone;
- For sale sign must be place at the listed NSP property; and,
- Be available (or have staff available) to support community marketing efforts, attend neighborhood marketing functions and planning sessions.

EVALUATION CRITERIA AND SCORING

In evaluating responses to this Request for Proposal, MPS will take into consideration experience, history of community engagement, and overall plan for collaborating with other Licensed Real Estate Professional (s) to achieve the scope of work as outlined. The following Evaluation Criteria will be considered in reviewing submittals:

Experience and Capacity

The point system is to evaluate the experience and capacity of the Respondent.

- 1) Experience in facilitating the acquisition of real estate purchases.

One (1) to five (5) years of experience.	5 Points
Five (5) to ten (10) years of experience.	10 Points
Greater than ten (10) years of experience.	15 Points

- 2) Experience in listing, selling and marketing properties within the targeted areas.

One (1) to five (5) years of experience.	5 Points
Five (5) to ten (10) years of experience.	10 Points
Greater than ten (10) years of experience.	15 Points

- 3) Respondents will be awarded up to 30 points for their community development experience in the respective targeted areas. Be as detailed as possible.
- 4) Respondents will be awarded up to 40 points for their plan to address the scope of work. Be as detailed as possible and indicate if you wish to be considered as a Buyer's Broker, or Listing Brokrag, or both.

SUBMITTAL REQUIRMENTS

RFP responses must be submitted **both** via hard copy and electronic copy (i.e. fax copy sent to 1.877.228.4917 or email to chicagonsp@mercyhousing.org). Each respondent shall submit one (1) original and one (1) bound copy of the following documents in a clear, legible, 12 point font, and 8.5 by 11 inch format.

Respondents are advised to adhere to the Submittal Requirements. Failure to comply with the instructions of this RFP will be cause for rejection of submittals. MPS reserves the right to seek additional information to clarify responses to this RFP. Each response must include the following:

Letter of Interest

Please submit a Cover Letter of Interest signed by a duly authorized officer or representative of the Respondent, not to exceed two pages in length. The Letter of Interest must also include the following information:

1. The principal place of business and the contact person, title, telephone/fax numbers and email address.
2. A brief summary of the qualifications of the licensed real estate professional.
3. A description of the business organization (i.e. Corporation, Limited Liability Company, or Joint Venture).
4. The names and business addresses of all Principals of the Respondent. For purposes of this RFP “Principals” shall mean persons possessing an ownership interest in the Respondent.
 - a. If the Respondent is a partially owned or fully-owned subsidiary of another organization, identify the parent organization and describe the nature and extent of the parent organization’s approval rights, if any, over the activities of the Respondent.
 - b. If the Respondent is a partially owned or fully-owned subsidiary of another organization, identify the parent organization and describe the nature and extent of the parent organization’s approval rights, if any, over the activities of the Respondent.
5. The Certification attached hereto at the end of this RFP and incorporated herein by reference must be signed by Respondent and attached to the Letter of Interest.

Threshold Requirements

These documents must be submitted and acceptable before MPS will review the Experience and Capacity proposal:

1. Affidavit of Child Support Compliance*
2. City of Chicago Indebtedness Profile Form (s)*
3. Copy of Respondent’s Real Estate License
4. Copy of Respondent’s Real Estate Broker’s License (If sponsored by a broker, provide copy of sponsoring broker’s license)
5. Copy of Real Estate Broker’s Business License
6. Letter of support from Licensed Real Estate Broker (If sponsored by a broker)
7. Certificate of Good Standing (Corporation) or Certificate of Existence (Limited Liability Company) issued by the Illinois Secretary of State (If Respondent is a joint venture, a Certificate of Good Standing or Certificate of Existence, as applicable, must be submitted for each entity comprising the joint venture.)
8. Evidence of Errors and Omissions Insurance, \$1,000,000
9. Three (3) references of related projects, including date of project, contact person and phone number, and a brief description of the project.

*Items can be found at the end of this RFP

Main Proposal

Please provide the following information:

1. Experience in facilitating the acquisition of properties.
2. Experience in listing, selling and marketing properties.
3. A narrative (limited to two pages) identifying the community area (s) in which the Respondent is interested in working; and, a history of community development activities and relationships established in the respective area (s). Please provide specific examples and be concise in your response.
4. Outline of plan to address the scope of work (i.e. Include relationships with servicers, regional and community banks; technology tools; databases; collaborating with community partners and other real estate professionals; marketing plans, etc.).

5. Respondents should state whether they are an MBE/WBE or Section 3 Business Concern. If so, please provide a copy of a current MBE/WBE certification letter and or Certification for Business Concerns Seeking Section 3 Preference (see attachment at the end of the RFP).

SELECTION PROCESS

The Selection Committee comprised of MPS staff will review qualifications in accordance with the evaluation criteria set forth herein and City objectives and policies.

Proposals that are submitted timely and comply with the mandatory requirements of the RFP will be evaluated in accordance with the terms of the RFP.

QUESTIONS

Questions regarding this RFP should be submitted in writing via email to chicagosp@mercyhousing.org.

SUBMITTAL DUE DATE: Responses to this RFP are due by 1:00 P.M. on October 22, 2010.

Responses to this RFP must be faxed to 1.877.228.4917 or emailed to chicagosp@mercyhousing.org. Two hard copies must be delivered to:

Mercy Portfolio Services
Attn: Darlene A. Dugo
120 S. LaSalle Street, Suite 1850
Chicago, IL 60603

City of Chicago Neighborhood Stabilization Program Areas

Albany Park
Auburn Gresham
Austin
Burnside
Chatham
Chicago Lawn
East Garfield Park
Englewood
Fuller Park
Grand Boulevard
Greater Grand Crossing
Hermosa
Humboldt Park
Logan Square
New City
North Lawndale
Oakland
Pullman
Riverdale
Roseland
South Chicago
South Deering
South Lawndale
South Shore
Washington Park
West Englewood
West Garfield Park
West Pullman
Woodlawn

CERTIFICATION FORM

NOTE: THIS PAGE MUST BE COMPLETED AND INCLUDED WITH THE SUBMITTAL

CERTIFICATION: The undersigned hereby certifies, on behalf of the Respondent named in this Certification (the “Respondent”), that the information provided in this RFP submittal to Mercy Portfolio Services is accurate and complete, and I am duly authorized to submit same. I hereby certify that the Respondent has reviewed this RFP in its entirety and accepts its terms and conditions.

(Name of Respondent)

(Typed Name of Authorized Representative)

(Signature of Authorized Representative)

(Title)

(Date)

**City of Chicago
Neighborhood Stabilization Program
City Indebtedness Profile Form**

Name:	
Home Address:	
Date of Birth:	
Social Security Number:	
Driver's License Number:	
License Plate Number:	

**CERTIFICATION FOR BUSINESS CONCERNS SEEKING SECTION 3
PREFERENCE IN CONTRACTING AND DEMONSTRATION OF CAPABILITY**

Name of Business _____

Address of Business _____

Type of Business: Partnership Corporation
 Sole Proprietorship Joint Venture

Attached is the following documentation as evidence of status:

For Business claiming status as a Section 3 resident-owned enterprise:

- Copy of resident lease
- Copy of receipt of public assistance
- Copy of evidence of participation in a public assistance program
- Other evidence

For business entity as applicable:

- Copy of Articles of Incorporation
- Assumed Business Name Certificate
- List of owners/stockholders and % ownership of each
- Partnership Agreement
- Latest Board minutes appointing officers
- Organization chart with names and titles and brief function statement
- Additional documentation
- Certificate of Good Standing
- Corporation Annual Report

For business claiming Section 3 status by subcontracting 25 percent of the dollar awarded to qualified Section 3 business:

- List of subcontracted Section 3 business(es) and subcontract amount

For business claiming Section 3 status, claiming at least 30 percent of their workforce are currently Section 3 residents or were Section 3 eligible residents within 3 years of date of first employment with the business:

- List of all current full-time employees
- List of employees claiming Section 3 status
- PHA/IHA Residential lease less than 3 years from day of employment
- Other evidence of Section 3 status less than 3 years from date of employment

Evidence of ability to perform successfully under the terms and conditions of the proposed contract:

- Current financial statement
- Statement of ability to comply with public policy
- List of owned equipment
- List of all contracts for the past two years

(Corporate Seal)
Authorizing Name and Signature

Attested by: _____

NSP SUBMITTAL REQUIREMENTS CHECKLIST

- _____ Letter of Interest
- _____ Certification
- _____ Affidavit of Child Support Compliance
- _____ City of Chicago Indebtedness Profile Form (s)
- _____ Real Estate License
- _____ Copy of Real Estate Broker's License
- _____ Copy of Real Estate Broker's Business License
- _____ Letter of support from Licensed Real Estate Broker
- _____ Certificate of Good Standing (Corporation) or Certification of Existence (Limited Liability Company) issued by the Illinois Secretary of State. or Certificate of Existence (Limited Liability Company) issued by the Illinois Secretary of State (If Respondent is a joint venture, a Certificate of Good Standing or Certificate of Existence, as applicable, must be submitted for each entity comprising the joint venture.)
- _____ Evidence of Evidence of Errors and Omissions Insurance, \$1,000,000
- _____ References
- _____ Description of Company
- _____ Current MBE/WBE certification letter if applicable
- _____ Certification for Business Concerns Seeking Section 3 Preference