

RESOLUTION NO. 1834

A RESOLUTION OF THE COUNCIL OF THE CITY OF SALISBURY, MARYLAND TO APPROVE A DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT GRANT APPLICATION FOR FUNDS TO PROVIDE FOR PREDEVELOPMENT COSTS FOR THE RENOVATION OF THE RICHARDSON APARTMENT HOUSE KNOWN AS "THE BRICKS" LOCATED AT 432 - 434 E. CHURCH STREET

WHEREAS, the Maryland Department of Housing and Community Development has solicited applications from eligible jurisdictions to apply for funding under the Maryland Affordable Housing Trust for fiscal year 2010; and

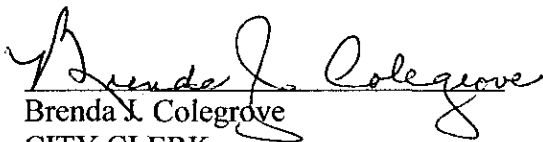
WHEREAS, the City of Salisbury is eligible to apply for funds from the Maryland Department of Housing and Community Development; and

WHEREAS, the grant does not require a match, and an exception will be requested to allow the funds to permanently remain a part of the project, without the need for repayment;

NOW, THEREFORE, BE IT RESOLVED, that the Council of the City of Salisbury, Maryland does hereby authorize the submission of an application for Maryland Affordable Housing Trust funds in the amount of \$150,000; and

BE IT FURTHER RESOLVED, that Mayor James Ireton, Jr. is authorized and empowered to execute any and all documents required for the submission of this grant application.

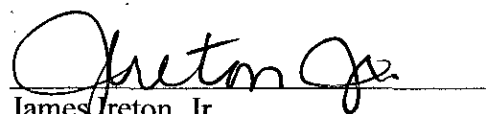
THE ABOVE RESOLUTION was introduced and duly passed at a meeting of the Council of the City of Salisbury, Maryland held on September 28, 2009, and is to become effective immediately.


Brenda J. Colegrove
CITY CLERK


Louise Smith
COUNCIL PRESIDENT

APPROVED BY ME THIS

29th day of September, 2009


James Ireton, Jr.
Mayor

INTER

OFFICE

MEMO

OFFICE OF THE MAYOR

To: John Pick
From: Loré L. Chambers, MBA *LLC*
Subject: Resolution to Apply for a Grant for 432-434 East Isabella Street – “The Bricks”
Date: September 25, 2008

Homes for America, the “Turnkey” contractor for the City of Salisbury is applying for a pre-development grant on behalf of the City for the revitalization of the Richardson Apartment House, known as “The Bricks”. The grant does not require matching funds. However, because the funds will be used for pre-development costs, a special exception will have to be requested to make the funds a permanent part of the project, so as not to require repayment. The grant application is due to DHCD October 1, 2009.

Attached is the resolution necessary to support the application process. Please forward this information to the City Council for inclusion on their agenda for the September 28, 2009, City Council meeting.

Attachments

cc: James Ireton, Jr.

Memo

To: John Pick
From: Karen Reddersen
Date: September 28, 2009
Re: Turnkey Development and Long-Term Management Contract for "The Bricks"

The City of Salisbury Internal Services Department, Procurement Division, received a request from the Executive Office to solicit bids for a turnkey development and long-term management of the property known as "The Bricks", located at 432-434 Isabella Street. This property was donated and accepted by the City with the intent to redevelop the property into eight to ten apartments as affordable housing. This professional services contract was bid as a turnkey proposal to include the responsibility for obtaining all funding for the project, construction renovation requirements, and long-term management based on affordable housing guidelines. This turnkey project would not use any City of Salisbury general obligation funds, and would be contingent upon successful firm obtaining 100% of the required funding through grants and/or forgivable loans.

In order to equally evaluate proposals received by potential firms, the City identified the estimated renovation construction amount for the project as \$1,000,000.00. The proposal required the submission of a development proposal for securing 100% of all redevelopment costs, methodology for development of the project per desired outcome of 8-10 units, estimated time schedule for project, management and marketing plan for completed project, leasing requirements, and experience/staffing of the proposer. References were required on like projects. Evaluation criteria consisted of the approach and methodology presented, expertise and qualifications of the proposer related to the scope, price, and performance on past projects.

Under RFP 8-09, the Procurement Division requested bids for this project. The Procurement Division followed standard bid practices by advertising in the Daily Times, on the EMaryland Marketplace website, on the City of Salisbury website and utilizing the City's vendor list. A total of seven (7) vendors were sent bid packages with two (2) vendors submitting bid documents by the due date and time, March 4, 2009 at 2:30 p.m.

Proposals were received by Homes for America, Inc. and Green Street Housing, LLC. Upon review of the proposals, it was evident to the evaluation committee that the submission by Green Street Housing, LLC did not adhere to the established renovation cost of \$1,000,000.00, as previously estimated. The team set up meetings in April to allow both firms to present and clarify their proposal. Additional references were requested and clarification submissions were allowed by both firms.

Homes for America, Inc. initially identified the total project at \$1,841,175.00 and retained this project cost in their clarification submission. Homes for America, Inc. outlined in detail

funding sources and required no predevelopment funding from the City as part of their proposal. Pre-development funding would be obtained through the Maryland Affordable Housing Trust and the remaining funds would be obtained through DHCD Partnership Housing Program and DHCD Rental Housing Funds. Greenstreet Housing LLC initially submitted a total project cost of \$1,089,000.00, with a renovation cost listed at \$750,000.00. When asked to clarify their submission with the base renovation cost at \$1,000,000, they resubmitted their original pricing with the clarification of upfront predevelopment soft costs needed from the City estimated at \$111,000.00 and a development services fee of \$130,000.00. They identified the construction funds could be obtained through the DHCD Partnership Rental Housing Program and an additional \$250,000 needed for the project to be obtained in NHSA-CDFI repayable loans as their funding approach.

Extensive reference checks were completed and it was determined by the evaluation committee that Homes for America, Inc. had a stronger methodology in obtaining funding and management of this process, more experience in similar projects, and stronger references in projects of similar size and scope to "The Bricks". A decision was made to award the project to Homes for America, Inc.

Legal council was consulted for contract review and a contract was issued to Homes for America, Inc. in July, 2009. The contract states that 100% of the funding shall come from grants and/or forgivable loans and no payments shall be made from the City's general fund. The Contract is contingent on obtaining 100% of the funding. Homes for America, Inc. is to act on behalf of the City of Salisbury to obtain all funding and serve as the disbursing agent under the turnkey project agreement. They will provide quarterly reports of disbursements and upon completion of the project, shall obtain and provide to the City of Salisbury, an independent certification of costs associated with the rehabilitation and use of funds prepared by an independent public accounting firm.