



**SOLICITATION OF PARTNERS FOR CITY OF OAKLAND FORECLOSURE RECOVERY AND
ABANDONED PROPERTIES INITIATIVE**

**Property Acquisition Program to Transform Defaulted or Foreclosed or Abandoned
Properties into Home Preservation or New Homeownership Opportunities**

The City of Oakland’s Department of Housing and Community Development (DHCD) seeks partners for the City of Oakland’s Foreclosure Recovery and Abandoned Properties Initiative. First, DHCD seeks a qualified non-profit partner to serve as Program Administrator for the newly created property acquisition/community purchase program. Second, DHCD seeks qualified non-profit and for-profit developers as participants in the community purchase program.

Background

The City of Oakland, like many other communities, has been hard hit by the foreclosure crisis. From 2007 to 2011, one in fourteen Oakland households lost their homes to foreclosure and one in seven households has been under the threat of foreclosure. The hardest hit areas in Oakland have been concentrated in Oakland’s lower-income flatland neighborhoods. Major impacts from the foreclosure crisis have also included blighted properties, criminal activities in vacant properties, and de-stabilized neighborhoods.

Although there are continuing improvements in the Oakland economy and housing market, about 1,500 Oakland homeowners are currently in the foreclosure process and about 20,000 homeowners have mortgages that are higher than the property’s market value (“underwater”). Many families reside as tenants in properties that are in the foreclosure process. In addition, with new lending opportunities, many Oakland residents are ready to purchase a home in Oakland but have limited access to housing inventory especially given competition with investors purchasing Oakland distressed properties. With growth in Oakland’s housing market, housing prices and rents are rapidly increasing and contributing to the displacement of long-time Oakland residents who have been critical to neighborhood stabilization efforts.

Working with major lenders, nonprofit partners, and community residents, City of Oakland officials and staff have been developing new strategies to prevent foreclosures, provide access for homeowners and tenants to their legal rights and resources to remain in their homes, and create pipelines to transform properties in the foreclosure process into opportunities for home preservation or new homeownership.



In addition, the City of Oakland is developing new strategies to transform abandoned and blighted properties, and properties from these efforts would be included in the community buying portfolio.

This unique initiative seeks to assist City of Oakland moderate to low- income residents who are threatened to be displaced by the ongoing foreclosure crisis. This program seeks to also assist Oakland residents (either those people who have lost their homes to foreclosure or tenants residing in foreclosed properties or who have been unable to compete with all cash investors on the open market) to purchase properties in this program. Assistance to Oakland residents could include the use of loan products such as the Federal Housing Authority 203K loan or other funds available to the City, such as housing rehabilitation or down-payment assistance funds. In addition, the program will build upon the National Community Stabilization Trust’s First Look program.

Summary of City of Oakland’s Role

To ensure successful implementation of the program goals, the City of Oakland will provide the following to the Program Administrator and/or Developer Partners:

- Information from its proprietary database of the Defaulted and Foreclosed Properties Registry to be used exclusively for the community buying program.
- Streamlined and facilitated access to the City’s First Time Homebuyer, Residential Rehabilitation, and other related programs.
- Facilitated access to defaulted, foreclosed or other properties through its relationships with lenders (including many of the large mortgage holders in Oakland and Fannie Mae), property owners who are participating in the City’s foreclosure counseling program, and through code enforcement operations that address problem properties.
- Available as a problem-solving partner to ensure the successful implementation of the program.

Summary of Initiative Goals

1. Prevent displacement of existing homeowners and tenant households.
2. Promote homeownership opportunities.
3. Provide rental housing opportunities affordable to low and moderate-income households.
4. Transform blighted and/or abandoned properties into homes for new families.



Responsibilities & Qualifications of Program Administrator for Community Purchase Program

The Program Administrator will utilize City supplied data and criteria to identify properties for different disposition strategies; match specific properties with specific buyers in the Community Purchase Program; provide quality control and assistance on property pricing; work with City of Oakland development partners (selected per following program guidelines), and negotiate purchases with lenders and/or owners. The Program Administrator will provide the City of Oakland with relevant data about program implementation and quality assurance needs.

The Program Administrator will receive a transaction fee from the development partner paid as part of the close of escrow process. The current market rate for that fee is about \$1,000 for each transaction conducted and completed. The Program Administrator will raise additional programming funds from other funding sources in order to effectively implement the Community Purchase Program.

The City of Oakland maintains the right to terminate the Program Administrator for failure to effectively perform the Program operations.

Selection Criteria for the Program Administrator include:

1. Proven prior experience operating a community purchase or similar program including experience purchasing properties at trustee sale, successfully negotiating the purchase of distressed properties with lenders via short sale or other vehicle or purchasing through the “First Look” program of the National Stabilization Trust.
2. Preference given to organizations that have worked within the framework of the Federal Neighborhood Stabilization Program and knowledge of the deliverables of that program including property rehabilitation standards, hiring standards, and targeted resale of single family residential properties to moderate- to low- income families, etc.
3. Prior experience working with Oakland nonprofit community groups and housing developers as evidenced by specific references provided for at least 3 organizations.
4. Experience successfully negotiating the purchase of distressed properties with lenders.
5. Organizational capacity to operate, sustain, and raise additional needed funds for the Program.



Qualifications for Development Partners for Community Purchase Program

The City of Oakland is also seeking nonprofit and for-profit housing development partners who are committed to helping the City realize its neighborhood stabilization and home preservation goals. Specifically, partners must meet the following criteria:

1. Property acquisition, rehabilitation and re-sale that directly results in homeownership opportunities affordable to low to moderate income Oakland households (up to 120% of Area Median Income¹) OR property acquisition, rehabilitation and lease-up that directly result in rental housing affordable to low-income Oakland households (up to 80% of Area Median Income²).
2. Financial resources and organizational capacity to acquire and rehabilitate relevant properties.
3. Proven experience in housing development/renovation/management. Please provide details of most recent successfully rehabilitated formerly foreclosed properties.
4. Demonstrated experience working with Oakland community based organizations to help place median- to low-income Oakland households into permanent housing.
5. Demonstrated partnership with Oakland job training provider that will assist with sourcing low-income Oakland resident job applicants for any aspect of administration, project management, or trades work in this program. The City is available to help facilitate relationships with Oakland job training providers.

Construction Rehabilitation Standards

To participate in the program **Developers** must agree to the following construction rehabilitation standards and certify to the Program Administrator compliance with the following community standards:

1. Physical Structure Standards:

- The roof must have an estimated useful life of at least 10 years.
- The heating system must have an estimated useful life of at least 5 years.
- All rehabilitation work will be conducted and completed in compliance with applicable City of Oakland standards, including applying for applicable City building permits, as well as meeting Green Building standards.

¹ <http://www2.oaklandnet.com/Government/o/hcd/s/Data/DOWD008693>

² Id.



- For properties built before 1978, lead paint must be remediated in compliance with HUD guidelines and procedures.
- All asbestos must be properly remediated.
- The property must meet all FHA financing standards.

2. Employment Standards:

- The hiring of Oakland contractors and/or residents is highly encouraged.

3. Resale of Single Family Properties:

- All properties must be sold to an owner occupant.
- All first-time homebuyers seeking down-payment assistance must complete a City sponsored homebuyer education class.
- All homebuyers must use an affordable mortgage product with competitive fixed interest rates and amortization schedules.

4. Rental of Properties:

- All developers/owners must participate in a City sponsored landlord/tenant training or demonstrate previous experience in socially responsible rental housing ownership and maintenance.

5. Reporting Standards

- All developers must report monthly on construction progress.
- All developers must complete a homebuyer or tenant demographic form at resale or initial property lease-up.
- All developers must submit before and after pictures.

6. Transaction Fee

- All developers must pay a transactional fee of about \$1,000 per property acquisition to the Program Administrator.

Application Requirements & Deadline

In order to participate in the immediate implementation of the Community Purchase Program, please submit a Statement of Interest and Qualifications for Program Administrator or Developer Participant by **October 4th** including information that directly respond to the above Qualifications criteria to:



Margaretta Lin
Department of Housing & Community Development
mclin@oaklandnet.com

Applications will also be accepted on an ongoing basis and reviewed for program priorities at the time of submission.

Disclosures

- Applicants should be aware that under the California Public Records Act and the City's Sunshine Ordinance, all documents that they submit in response to this Solicitation, including financial information, are considered public records and will be made available to the public upon request following the RFP deadline.
- The City reserves the right to reject any and all submissions and to suggest that individual members of applicant teams collaborate to form new teams. Additionally, any and all project elements, requirements and schedules in this Solicitation are subject to change and modification at the discretion of the City. The City also reserves the unqualified right to modify, suspend, or terminate at its sole discretion any and all aspects of this Solicitation process, to obtain further information from any and all applicants, to waive any defects as to form or content of the Solicitation or any responses by any applicants, or to negotiate changes in the proposals, the scope of work, or the contract price with the selected applicant.
- This Solicitation does not commit the City to award a contract or to pay any cost incurred in the preparation of any proposal.