

## **Contractor Questions**

### **RFQ for Qualified Contractor Pool Round 3**

1. If you already have a homebuilders license in the state of New Jersey, do you have to resubmit them?

*No. You must have a valid registration for the type of work you are accepted into the pool to do (Reconstruction, Rehabilitation etc.) prior to receiving any assignments. Some municipalities in the nine zones require local contractor registration. You will have to demonstrate compliance with municipal registration requirements prior to receiving a Notice to Proceed.*

2. Are contractors required to screen for drugs/alcohol, or provide transportation to Section 3 eligible persons?

*You may have standards for your employees or subs as you desire as long as they are relevant, evenly applied to your staff, and not designed to eliminate Section 3 workers (i.e., college education preferred for a site clean team member, etc.). You are not required to transport any of your workers unless that is something you routinely do for staff.*

3. Does Davis Bacon or Prevailing Wage apply in this program?

*The Program anticipates that contractors will pay wages that are comparable to community standards, however the technical aspects of Davis Bacon and the prevailing wage will not apply to this program as each house is an individual contract between the Homeowner and the Contractor (thereby not triggering Davis-Bacon).*

4. Will there be a list of Section 3 eligible persons or companies?

*Not at this time. Currently Contractors should plan on meeting the greatest extent feasible standard by implementing the notification process outlined in the DCA Section 3 Rule.*

5. What are the requirements in the event that there aren't any qualified Section 3-eligible persons available?

*Participants in the pool will need to provide reports on persons hired, document the efforts made to hire Section 3 eligible candidates, and develop a plan for conducting the outreach. If the plan fails to yield Section 3 eligible candidates repeatedly, then a new plan will need to be developed.*

6. Is Section 3 eligibility determined by a person's income or employee's income?

*Section 3 status is determined by both. A Section 3 eligible individual will have an Area Median Family Income (AMFI) of less than 80% AMFI or a PHA resident. A company may be Section 3 eligible if owned 51% by Section 3 eligible individuals, or their workforce is comprised of at*

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*least 30% of Section 3 eligible individuals. There is a mechanism to allow for contracting percentages to also be qualified as Section 3 eligible businesses.*

7. Will draw requests be made through an AIA form?

8. *The program has a specific draw request form that will be used that will be fully discussed in approved contractor workshops. Is there a means for joint venture opportunities in this program?*

*Yes.*

9. How many builders will the program need in its pool?

*RREM Program Managers anticipate they will obtain all the capacity needed to run the program with the Final Round. There are currently 31 General Contractors (some have limited scopes like Elevation Only) and all that qualify will be added to the pool in this round. We have no way of knowing how many people who attended the RFQ sessions will apply or be accepted. More than 75 people attended these meetings however.*

10. Who will determine the scope of work and materials?

*Each RREM Program Manager will have field staff that provide a full scope of work. The quality and type of materials (not necessarily a particular brand) will be included in specs.*

11. Will there be a retainage held? When will it be paid?

*Yes, 10%. The retainage will be released when all program requirements are met or 30 days, whichever is later.*

12. Where will demolition cost factor in for a reconstruction?

*It will be included in the price presented to the assigned builder.*

13. Who determines the reconstruction composite prices?

*The Program has a committee that will review the estimated prices for floor plans using New Jersey pricing based on standardized cost estimation programs. They will then compare those prices to the builder pricing from Round 1 that submitted bids on each floor plan and come up with a composite price. That composite price will be reviewed one more time for consistency.*

14. Can a homeowner request a contractor be assigned to them?

*This greatly depends on the specific facts, but the answer is generally no.*

15. Is Section 3 the same thing as Prevailing Wage?

*No. Section 3 refers to requirements for economic opportunity programs required by HUD and is applicable to this program. The prevailing wage laws are not applicable.*

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16. During the 90-day build period, what are the implications if a contractor can't be onsite for 2 weeks?

*If it is a delay caused by an event outside the contractor's control, they should notify their RREM Program Manager immediately and the 90 days may be extended based on the facts. If it is within the contractor's control (e.g., hired sub is booked and cannot do a project when their work is ready) that is a construction management issue for the GC to work through but time will not be added.*

17. Are homeowners restricted to the list of pre-approved homes if they are determined to be a reconstruction?

*Yes.*

18. Could a homeowner contribute further personal funds and add bedrooms and/or go beyond the maximum allowable footprint?

*The homeowner may not construct additional bedrooms or add square feet in excess of the DCA-approved standard prototype house designs under the RREM program. The maximum allowable footprint is a permitting issue and is not related to a homeowner's ability to financially contribute to the project. The new home may exceed the existing footprint if that home is the correct solution for that homeowner.*

19. What are the implications for a subcontractor if they finish their work for a G.C., but another subcontractor is delayed and the home isn't finished during the 90-day window?

*As the GC you will hire all the subcontractors, so that will be a problem for the GC to resolve. There is a program requirement that all subcontractors be paid prior to the release of the final draw and/or the retainage.*

20. Is a G.C. responsible for their subcontractors' compliance with Section 3?

*Yes, they will roll up to the Section 3 report that you must submit to DCA.*

21. Does Section 3 apply if the builder has an existing contract with an applicant that predates the program?

*If any new staff is hired after the grant agreement is signed, there will likely be addendum required to your existing contract to include Section 3 (and other federal requirements) to meet the federal obligations moving forward.*

22. How would a homeowner prove his/her rent expenses in the event that a builder goes beyond 90-day window?

*The Program will require a demonstration of their rent expenses during the time they are out of the house.*

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23. Will the predesigned homes list a specific brand of item in its scope?

*The preapproved plans may list specific manufacturers for equipment or material items which are provided to establish a standard of quality. If the Homebuilder would like to use alternative products, they must be submitted to the RREM Program Manager for approval. Where products specified meet Energy Star or HUD Green Checklist standards, any replacement products must also meet those standards to be considered "or equal".*

24. How does a builder prove lead/asbestos qualifications?

*Either through an individual certification or letter of intent/contract with a NJ licensed company.*

25. How does a builder demonstrate bonding capacity?

*A letter from a bonding company indicating bonding capacity will suffice until assignments are being made.*

26. Is a performance or payment bond necessary?

*Yes. It will be whatever is the industry standard in New Jersey and must be from an agency that may do business in New Jersey.*

27. Are there designed overhead or profit margins for builders in this program?

*There are not guarantees or limitations on builder's overhead. This is not a non-profit program however and builders profit has been factored into the home price. However each builder's ability to create efficiencies in the composite price could provide the builder with potentially larger profits. Conversely inefficiencies in your system could lower profits.*

28. If pre-approved homes are associated with a composite price, what will pre-qualified contractors bid on?

*Rehab projects may be bid. Reconstruction projects will be assigned to a GC based on the composite price.*

29. How many applicants will be reconstruction vs. rehabilitation?

*This will not be known until the Homeowners are processed and Estimated Cost of Repairs are completed.*

30. What is the duration of the program?

*The program is anticipated to be finished within 18 months of the approval of the Action Plan April 19<sup>th</sup> 2013. Generally, the program is expected to be completed by two years from the date of the HUD-DCA Grant Agreement.*

31. Will there a place in this program for builders that are only interested in historic properties?

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*If there is an express interest in the restoration of historic properties that should be noted in your RFQ and each RREM Program Manager should be made aware of that fact. There is no set aside for historic properties, but neither are they excluded from participation.*

32. If a company is in the pre-qualified pool as elevation only, can the same company work for another general contractor in the pool?

*Yes.*

33. If the program goes beyond \$600 million, will another pre-qualified contractor pool be created or will the existing one be used?

*At this point that question has not been answered and would likely depend on the performance of the pool, the capacity, and if there were any specific procurement requirements associated with the new tranche of funds.*

34. What is the difference between reconstruction and rehabilitation?

*Reconstruction is the CDBG-DR term for taking a house all the way to the ground and constructing a replacement house in its place, similar to new construction. Rehabilitation is generally making repairs to the existing house.*

35. Are builders required to submit a list of the homes they've built in their applications?

*No, but they must sufficiently demonstrate the number of homes they have completed in the category for which they are applying (per their exhibit D selections).*

36. If a company elects to apply for reconstruction and rehabilitation, is exhibit I sufficient?

*Yes.*

37. When does the 90-day clock start for builders?

*When the necessary local and state permits have been obtained and the Notice to Proceed is issued.*

38. How would a delay in permitting affect a builder's 90-day clock?

*It would not affect it because permits must be obtained prior to the Notice to Proceed being issued or any site work being done. Contractors are required to immediately start the permitting process when notified to do so by the RREM Program Manager.*

39. Will the final package that contractors receive prior to building be permit-ready?

*Yes, that is the expectation at this time.*

40. Are permit fees included in the cost of the house?

*Yes.*

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41. Are the 30 days that the program may take to pay a contractor after an approved draw request business or calendar days?

*Calendar.*

42. If significant issues are found during building and a change order is needed, will the 90-day clock be stopped?

*That will be up to your specific RREM Program Manager and the situation at hand.*

43. Will there be a separate list of qualified lead/asbestos remediation contractors?

*The General Contractor is free to subcontract with any remediation contractor who is licensed to perform this work in the State of New Jersey and is not debarred from participating in State or Federal contracts.*

44. Is the pool of 3,545 applicants final? Can homeowners get into the program in the future?

*There is a waiting list of applicants to come into the program if funds become available, but new applications are currently closed.*

45. Is there a provision for contractors to bring clients into the program?

*No.*

46. If a builder's contract with a homeowner predates the homeowner's application, will the builder be required to demonstrate \$1 million bonding capacity?

*No, but if the contract is over \$100,000 then the builder will need a bond for the full amount of the current contract.*

47. Can a contractor apply for the program on behalf of a homeowner?

*No.*

48. What does "additional cost" mean? If it is the set cost and hook ups do we use form 11.17? If so the line items on 11.17 do not relate to the real cost to set a home. Can we use the estimate breakdown that we always use which has very different line items but truly reflects the real cost of a home set? We will still get credit?

*The Form 11.17 should be used as the form for pricing. It has flexibility in the program, but we will need to see the categories on the form filled out as it is the standard cost for forms. The form has been used previously by modular builders who are currently in the pool.*

49. Since we are only interested in modular construction,

a) Do we have to provide any info on asbestos or lead paint?

*Yes. You must fully comply with the requirements of the RFP and demonstrate you have access to the services even if you feel it is unlikely you will need the services.*

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- b) Since the home is built off site at our sub-contractor factory, how do we handle HUD section 3? We will use sub-contractors for finish work including setting the house to deck, stair and rails. We have existing subs. We are not hiring new people in house or expect to use different subs.

*HUD section 3 applies to wherever "new hires" are done, both for your firm and any subcontractors that you utilize. If the home is built at a factory and the factory hires new workers, they will need to comply with Section 3 if they are getting paid with federal funds.*

- c) Do we provide different proposals regarding the modular construction of the 15'x87' house for different counties that we choose? I would think the variables like wind speed are the same.

*No. I pricing is sufficient.*

- d) The cost proposal form is for a stick builder, we have manufacturers quote with detailed information as per specs but with a total invoice amount. Is this acceptable or does each line item need a value? The instructions say all respondents need to complete form 11.17? We have our estimating sheets for all work performed regarding post-delivery of the home to the site (ie crane, set crew, interior and utility connections etc.) that we could use form 11.17 for? I envision the factory invoice plus our in-house estimating sheets could replace form 11.17?

*Yes. The cost of the unit can be a single item with all the finish out being on the Form 11.17*

- e) I assume that the demo, elevation, foundation and utility disconnect and reconnects are done and we are supplying the house. However, the plan elevations on the subject plans show the house at grade. Do we price the stairs, rails, and landing for entry?

*For this exercise that is correct, bid the house and the placement and finish out on the lot.*

50. We are an elevation company only but do offer foundation work thru subs so my questions pertain to lifting projects only:

- a) When I fill out the costs sheets, do you want us to price out the foundation work, surveying, permits, and demolition for existing block work etc. or just the price to lift?

*For this exercise include a total price to do the foundation work, permits, and the price to lift.*

- b) If there is a home in a designated V zone, do you want a cost on pilings from us? And if you do, would you want helical or wood? If we go with wood piling, the home would need to be moved out of way.

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*Please include a full pricing and provide the parameters you used (location, type of piling and why, how you would treat the existing home, and anything else that would be relevant to your pricing)*

- c) Where exactly on the excel spreadsheet do we put the elevation pricing?

*There is a section available and please break out any additional cost breakouts that go into the elevation pricing (treat any rehab issues or other information on the 11.17 where possible)*

- d) How exactly would we bond for elevation, would the GC already have bonding available that we would be covered under?

*You would need to bond for the entire cost of the job. If you are responding as an elevation only company, then no, the GC would not have bonding for that function as there is no GC.*

- e) Narrative/Technical – would this be an explanation of our company, how we lift and the equipment we use to lift.

*You would answer all the same questions that are required under the RFQ and supply the appropriate affidavits and checklists. The only difference between the elevation only response and the Reconstruction is the pricing element.*

51. We are planning on doing rehabilitation and elevation do we fill out form Exhibit J only or do we also need to fill out Form 11.17?

*You will need to fill out an Exhibit J and also complete the pricing for elevation if you are seeking an elevation only status.*

52. If our costs do not change regardless of what zone we work in do we just submit the same paperwork for each zone we would like to work in?

*Submit 9 copies of one pricing model.*

53. Regarding Article VIII: Submission checklist #1-8 can not be any longer than 25 pages? #9 and below do not account to the 25 pages?

*All of the narrative cannot be longer than 25 pages, but exhibits as necessary may be added.*

54. We are a 51% women owned company what paperwork do we supply for section 5.5 and does this satisfy any HUD section 3 requirements?

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*You would supply your MWBE certification. No. Section 3 is an economic development program and is not necessarily tied to protected classes or under-utilized businesses. A MWBE business may be eligible as a Section 3 respondent, but it would need to meet the definition of a section 3 business.*

55. For this paperwork we just need a letter from our bonding company to prove we have a 1mm bonding capability ? if so is section 5.12-5.12.2 just for information purposes?

*You can submit that you have a bond already or that you can obtain a bond from a company authorized to provide bonds in New Jersey. The \$1 million is a minimum, additional bonding may be factored into your capacity to build homes if accepted into the pool. All sections must be answered and accounted for in your response.*

56. What are the mandatory green/energy star section 2.1.4 “Other Scope Requirements”, Page 7. Are the homes required to be Energy Star rated? If so, what are the requirements?

*Reconstructed homes will be “Designed for Energy Star”, but will not be required to be Energy Star Certified. Rehabilitated homes will need to comply with the HUD Green Building Checklist Requirements. The Homebuilder must submit Energy Star or Green materials or procedures to the RREM Program Manager to demonstrate compliance with the sustainability requirements.*

57. Section 4.1.3 “Specific Criteria”, page 15. In the case of the single family homes references, do you want 100 references (one for each of the 100 homes required to have been built) from each home owner?

*No. Three references are needed for full points.*

58. In Section 5.7 “Annual Report”, page 20. Home much available cash is required?

*Available cash will be an indicator of capacity as you must finance a majority of these homes. There is no minimum or maximum amount, but will be added to an overall financial review to assist in determining housing capacity.*

59. Sections, 5.8, 5.9, 5.10 “Cost Control Program”, page 20. We are a modular home general contractor who subs out all our work, excepting financing and administration. All items requested in sections 5.8,5.9 & 5.10 are handled in the modular factory. Do we satisfy sections 5.8-5.10 through our modular factory?

*If you are filing as a modular only business, you will need to include the cost of the housing unit. If you believe this responds to the RFQ, then provide enough supportive information to answer the 5.8-5-10 for a scorer to understand the process.*

60. Section 5.12.2 “Payment bond”, page 21 and “Homeowner and General Contractor Construction Agreement”, Article 1: Defined Terms , section 1.1, “Bonds”, page 6. In “Payment

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Bond”, section 5.12.12, page 21 refers to getting bonds with minimum “A” rating, While “Homeowner and General Contractor Agreement” section 1.1, “Bonds”, page 6, refers to At least “AA”. Which is correct?

*The correct bond rating is AA.*

61. If we have an existing client with a signed contract, with a finished modular floor plan and designed exterior, can they qualify for the grant money using existing plans

*This will be a question that will need to be answered on a case-by-case basis by the Homeowner case manager and is not relevant to the RFQ.*

62. Homeowners and Contractor Construction Agreement, section 4.13, page 17, “HUD Labels”. What is a HUD Label? Where does HUD want the Label placed?

*This is in the sample contract and will be corrected. The Label requirement applies to Manufactured housing units and not modular housing.*

63. Homeowners and Contractor Construction Agreement, section 4.15, “Disbarment and Suspension”, page 17. What is executive order 12549?

*The EO Relates to Debarment and Suspension Requirements*

64. Do you want a sample copy of our homeowner/contractor contract included in the submitted RFQ brochure package?

*No. The existing contract is not relevant to the RFQ.*

65. Will we be permitted to negotiate daily reimbursement rate with homeowners if RREM is not completed within 90 days?

*No.*

66. Will we be permitted to form a JV with another contractor post RREM qualification?

*No. There is no process for creating joint ventures once a builder is selected for the pool.*

67. If a company was listed in the RFQ submission for a previously approved team as a team member and not the General Contractor, can that same company be listed as a team member for another GC for qualification round 3?

*If your experience was used to meet the experience requirement then no you cannot be on both teams. If you were listed as a subcontractor with more than 15% of the contract and both general contractors believe you have the capacity to perform, then it should not be an issue.*

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68. If a company went to the mandatory meeting for this RFQ and their partner did not, can the partner act as the lead for the team?

*A representative of the team responding had to be at one of the meetings. It does not matter which part of the team was there and was not as long as the information came back to the responder.*