

City of Modesto
Request for Proposal for Affordable Housing Developers

February 9, 2010

To: All Interested Parties

Re: **Request for Proposal (RFP)**

Dear All Interested Parties:

The City of Modesto is pleased to announce the release of a Request for Proposals (RFP) to select an experienced and financially capable development team to assist the City of Modesto and the Redevelopment Agency with implementing its Affordable Housing Development Program (AHDP). The goal of this program is to create affordable housing and support uses that will assist the City in achieving some of its production of affordable housing goals described in the City's Housing Element. The Modesto Redevelopment Agency (Agency), Community Development Block Grant (CDBG) and HOME Programs will be providing the funding for the selected proposal. The selected Development Team will be eligible to enter into an Exclusive Negotiation Agreement (ANE) to develop the proposed site.

The Redevelopment Agency owns parcel number 107-001-003, which is located at 416 Downey Avenue and the City of Modesto's CDBG program owns parcel number 107-001-002, located at 412 Downey Avenue. These parcels will be joined together and will contain approximately 18,750 square feet of buildable space with a parcel dimension of 125 x 150 feet. The City and the Agency are proposing to develop Senior Affordable Housing on the combined parcels. Conceptual drawings are included as an attachment to this RFP. The City and the Agency are also open to other types of conceptual ideas as long as the proposed development is for Senior Affordable Housing. The selected Developer will have an option to purchase both parcels or lease both parcels, which can be rolled into a blanket loan. The loan could be paid back over the life span of the project with favorable terms.

The applications are due Friday, March 26, 2010, by 4:30 p.m. Please submit one (1) original and seven (7) copies. Applications are available on line at <http://www.planetbids.com/Modesto/bidsearchform.cfm?StateID=52> and all proposals must be submitted in person at the City of Modesto, Parks, Recreation and Neighborhoods Department, Tenth Street Place, 1010 10th Street, Suite 4300, Modesto CA.

If you have any further questions please do not hesitate to contact Scott Humphries at (209) 571-5506.



**CITY OF MODESTO
PARKS, RECREATION AND NEIGHBORHOODS DEPARTMENT**

***REQUEST FOR PROPOSALS*
AFFORDABLE HOUSING DEVELOPERS**



1010 10th STREET
MODESTO, CALIFORNIA 95355

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I. INTRODUCTION

The City of Modesto and the Redevelopment Agency have prepared a Request for Proposals (RFP) in order to solicit, evaluate and select one experienced and financially capable development team to provide an acceptable senior affordable housing development on the mentioned above parcels. The comprehensive goal of the Affordable Housing Development Program is to create housing and support uses that will meet some of the affordable housing needs of the City of Modesto.

Therefore, the City and the Agency invites interested and qualified Developers to prepare and submit a development proposal to the City and the Agency for review and evaluation. The Selection Committee, which includes City staff and members of the City's Citizens Housing and Community Development Committee (CH&CDC), will evaluate each submission and then select one Developer to enter into an Exclusive Negotiation Agreement to work with the City and the Agency to develop an affordable housing project, and will also enter into an Agreement with the City of Modesto for the CDBG and HOME Programs funds.

II. THE AFFORDABLE HOUSING DEVELOPMENT PROGRAM

The proposal should be site specific. The ideas should focus on the development of senior affordable housing on Agency and City-owned land. Agency and City assistance in the development of senior affordable housing could be available due to the relatively high cost of affordable housing construction. The proposals will be analyzed on a case-by-case basis to determine the need for potential subsidies and appropriate programs.

The proposal could take a multi-year funding approach with the possibility to own, lease, and or grant property to the selected Developer. If selected, the future project could also incorporate the option of utilizing HOME funds of up to \$500,000 for pre-development and development activities.

A. Site Assembly

The Redevelopment Agency owns parcel number 107-001-003 located at 416 Downey Avenue and the City of Modesto's Community Development Block Grant fund (CDBG) owns parcel number 107-001-002 412 Downey Avenue. The parcels contain approximately 18,750 square feet of buildable space with a parcel dimension of 125 x150 feet. Conceptual drawings are included as an attachment to this RFP. The Agency and City are also open to other types of conceptual ideas as long as the proposed development is for Senior Affordable Housing.

The Agency and City will prepare all Environmental Impact reports for the chosen Developer to help provide a streamline approach for pre-development. For complete land dimensions and available building space please see "Attachment A." The Developer will need to have an executed agreement with the Redevelopment Agency and the City for the purpose of developing affordable housing.

B. Property Disposition and Development

The Agency and the City anticipates entering into an Exclusive Negotiation Agreement with the selected Developer ultimately leading to a Disposition Development Agreement and a Loan Agreement with the City of Modesto for the use of HOME funds. These agreements may include possession of land, scope of development, funding, budget and schedule of performance for the project. The project scope and product type will generally be based on the City's goals, surrounding land use, economic facts, and other considerations.

Additional aspects and considerations of the project are:

- Fund leveraging ratio (extent to which funds are leveraged on a per unit basis)
- Unit/cost ratio
- Development schedule
- Owner equity contribution
- Availability of permanent and construction financing
- Quality project design and construction
- Parking containment for residents and visitors/Transportation (# spaces)
- Overall project density
- Number of affordable housing units
- Project Amenities
- Green building techniques
- Long term management plan

HOME funds Matching Requirements – Projects providing matching funds will be given greater consideration as the HOME program requires a 25% non-Federal match source. Eligible forms of match are: cash from a non-federal source, the grant equivalent of a below-market interest rate loan, value of waived taxes, fees, or charges, value of donated land or real property, the cost of infrastructure improvements associated with home projects, a percentage of the proceeds of single or multifamily housing bonds issued by state or local government, the value of donated materials and/or labor, sweat equity under established programs, certain support services costs.

Ineligible match forms include: Contributions made with or derived from federal resources, the interest rate subsidy attributable to federal tax-exemption on financing, owner equity or investment

C. Public Participation

The Agency and the City expect the selected Developer to work closely with neighborhood groups in the development of the senior affordable housing project. It is expected that the design of the project will be the result of interaction between the Developer, the Selection Committee, and representatives of the surrounding neighborhoods.

D. Special Incentives

Capital Facilities Fees Exemption and Deferral Program – The City has a program that provides for the exemption and/or deferral of Capital Facilities Fees (CFF) for Quality Housing for Working Citizens for developments offering affordable rents. Rental units affordable to households at 50% or less of area media income may be granted an exemption of CFF fees for those units. To be eligible for a deferral, units must be rented to households earning between 50% at 80% of area media income. For deferrals, the payment terms are 20% down at the time of building permit issuance, and the 80% balance (including interest) to be paid in equal installments over the next five years. The City of Modesto approves exemptions and deferrals of CFFs on a case-by-case basis. Requests for CFF Deferrals and Exemptions should be made to the Parks, Recreation and Neighborhoods Department.

Density Bonus Program – Density bonuses may be granted as part of the normal approval process for plot plans, rezoning, or subdivision maps. A Developer requesting a density bonus must agree to construct housing units **with one** of the following types of Quality Housing for Working Citizens:

- (a) Ten (10) percent of the units for very-low income households
- (b) Twenty (20) percent of the units for low-income households
- (c) Fifty (50) percent of the units for senior citizen, and at least ten (10) percent of the units for very-low income senior citizens, or at least twenty (20) percent of the units for low-income senior citizens.

If the Developer agrees **to one** of the above Quality Housing for Working Citizens types, the City may grant a 25% density bonus over the housing unit density allowed on the site by the existing zoning and

General Plan designation. For senior housing, the amount of the density bonus will vary with the amount of low-income senior housing and the density allowed in a particular zoning. The Modesto City Council must approve all density bonuses and due to use of Agency funds the minimum affordability period for this project is 55 years.

III. LOW AND MODERATE INCOME (LMI) HOUSING PROGRAM

The Agency along with the City addresses the need to increase, improve and preserve the community's supply of affordable housing for working citizens. Program components are detailed in the City of Modesto Housing Element and the City of Modesto Consolidated Plan 2005-2010. Copies of relevant sections are available upon request through the Parks, Recreation and Neighborhoods Department, Tenth Street Place, 1010 10th Street Suite 4300, Modesto, California 95354.

IV. RFP Procedures

Each interested Developer is required to submit a proposal. The Agency and the City will evaluate each proposal and will choose one Developer that will be eligible to contract with the Agency and the City to develop the chosen site for senior affordable housing.

A. Basic Submittal Requirements

The RFP shall contain, at a minimum, the following information:

1. A description of recent multi-family or ownership affordable housing development experience (in the last five years) including projects that included Low and Moderate Income (LMI) units (30% to 120% of A.M.I.). The narrative shall include the following basic information:
 - a. A description of the applicant's organizational structure, residential development track record and financial capability (identifying specific relevant projects including number of units, sale or rental prices, tenant mix, etc.).
 - b. Proposers shall submit a copy of their organization's most recent year end Financial Statements prepared in accordance with Generally Accepted Accounting Principles.
 - c. Information outlining ability to obtain financing and relationships with lending institutions and the equity market.
 - d. A description of relevant associated professionals, architects, project managers, and others (Development Team).
 - e. A description of specific and relevant experience of the Development Team.
 - f. Experience in property management or association with an experienced property management firm.
2. At least three (3) business and financial references (excluding Development Team members). Include a contact person address and telephone number.
3. A list of three (3) additional professional references.
4. A detailed project description, which will include conceptual ideas for senior affordable housing, projected operating proforma, projected sources of funding and projected property management plan.
5. A neighborhood participation strategy. Include a Community Outreach Plan. The plan should describe how the Developer will build active support for the project and address community concerns, including a list of all individuals and organizations with whom you have met or will meet to discuss the project, and approximate dates of each phase of the plan.

6. The selected Organization(s) shall maintain Workers' Compensation, General Liability, Automobile Liability and Property Liability insurance at all times and provide the City of Modesto evidence of insurance. The costs to purchase insurance with insurance companies licensed in the State of California will be at the expense of the Organization. The policies or certificates thereof shall provide that 30 days prior to cancellation or material change in the policy, notice of same shall be given to the Risk Manager of the City by certified mail, return receipt requested, for all of the following stated insurance policies.

(a) Workers' Compensation- in compliance with the statutes of the State of California, plus employer's liability with a minimum limit of liability of \$1,000,000.

(b) General Liability insurance with a minimum limit of liability of \$1,000,000 per occurrence for bodily injury, property damage and personal injury.

(c) Automobile Liability insurance with a minimum limit of liability of \$1,000,000 per occurrence for bodily injury, property damage and personal injury. This insurance shall cover any automobile for bodily injury and property damage.

(d) Property Insurance required in the amount needed to insure Organization's contents and any Improvements and betterments.

(e) Waiver of Subrogation The Agency and the City of Modesto, its agents, officers, employees, and volunteers shall be named as an additional insured on all insurance policies required herein, except Workers' Compensation. The Workers' Compensation insurer shall agree to waive all rights of subrogation against the Agency and the City of Modesto, its agents, officers, employees, and volunteers for losses arising from work performed by Organization for the Agency and the City of Modesto.

Not required at this time, but if selected, the Organization shall provide the Agency and the City of Modesto with separate endorsements evidencing proof of the Agency and the City of Modesto additional insured status as to both the general liability and automobile liability insurance policies. In addition, the Organization shall provide the Agency and the City of Modesto a subrogation waiver by way of a separate endorsement for General Liability, Auto Liability and Workers' Compensation. All endorsements referenced above must include the applicable policy number.

For any claims related to this lease, the Organization's insurance coverage shall be primary insurance as respects the Entity, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the Entity, its officers, officials, employees, or volunteers shall be excess of the Organization's insurance and shall not contribute with it.

B. Other Requirements to Consider

Labor Standards and Prevailing Wages – Projects containing Agency and Federal Housing funds are required to comply with all State and Federal regulations pertaining to labor standards and including prevailing wage requirements. Projects containing 12 or more HOME-assisted units are required to comply with all federal regulations pertaining to labor standards, including the prevailing wage requirements as determined pursuant to the Davis-Bacon Act.

Environmental Review – Prior to Council approval of funding awards, projects must be assessed in accordance with the provisions of the California Environmental Quality Act (CEQA). In addition, the projects must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA). NEPA assessments will be prepared by City staff and submitted to HUD for review and approval.

Redevelopment Inclusionary Housing Requirements – Section 33413 subdivision (b)(2)(i) of California Redevelopment Law requires that at least 15 percent of all new and substantially rehabilitated dwelling units developed within the project area under the jurisdiction of an agency by public or private entities or persons other than a redevelopment agency shall be available at affordable housing cost to persons and families. The 15 percent must include affordability mix of the following:

Rental Housing

Very low-income households – 30% x 50% of area median income
Lower-income households – 30% x 60% of area median income
Moderate-income households – 30% x 110% of area median income

Owner-occupied housing

Very low-income households – 30% x 50% of area median income
Lower-income households – 30% x 70% of area median income
Moderate-income households – 35% x 110% of area median income

Affordability Covenant – Section 33334.3 (f)(1)(A) & (B) of California Redevelopment Law requires rental units to have a fifty-five (55) year Affordability Covenant and owner-occupied units to have a forty-five (45) year Affordability Covenant.

Nondiscrimination – All recipients must agree to not discriminate on the basis of race, color, ancestry, national origin, religion, sex, sexual preference, age, marital status, family status, source of income, physical or mental disability, or any other arbitrary basis.

Affirmative Marketing – Funding recipients are required to market all units in HOME-assisted projects in accordance with the City's Affirmative Marketing procedures.

Conflict of Interest – Employees, agents consultants, officers and officials of the Agency or City who exercise any functions or responsibilities with respect to activities assisted with Agency or City housing funds, or who are in a position to participate in a decision-making process or gain inside information with respect to these activities, are prohibited, during their tenure and for one year thereafter, from obtaining financial interest or benefit from Agency or City housing funds or from having an interest in any contract or subcontract, either for themselves or those with whom they have family or business ties. Recipients of Agency or City housing funds are responsible for ensuring that such conflicts or interest do not occur

C. Selection Criteria

Selection criteria shall include, but not be limited to a detailed project description, which includes conceptual ideas for senior affordable housing, design and past experience with similar projects. The Selection Committee may use a point scale system to select a chosen Developer using the following criteria listed below (No particular order):

1. The experience of the Developer and the Development Team
2. Long term experience in owning and managing affordable housing projects.
3. Property Management Plan.
4. Past experience with developing senior affordable housing projects.
5. The capabilities of the Developer in financing and constructing quality housing projects.
6. Track record of architectural design and successful past and ongoing affordable housing developments.
7. Experience in working with neighborhood groups and other members of the community in the development of affordable housing.
8. Tour by staff and professional service providers of Developer's past projects.

The Agency along with the City of Modesto is seeking senior affordable housing for this specific proposal. The Developer will be responsible for securing all land use entitlements for the project through the City of

Modesto's Planning Division. Furthermore, the Developer will be required to obtain all necessary building permits and Engineering Division clearances for infrastructure work. The selected Developer may need to provide a Phase I Environmental Assessment. If recommended by the Phase I, a Phase II must be provided; applicants must also provide a discussion of mitigation measure that would impact any project budget, design, etc.

The selected Developer will need to work with community and surrounding neighborhoods representatives to formulate an appropriate project for the site. The successful developer will be eligible to enter into an Exclusive Negotiation Agreement with the Redevelopment Agency of the City of Modesto for this project.

D. General Requirements and Information

One (1) original and seven (7) copies of the RFP are required on 8.5-inch by 11-inch paper. The City of Modesto will consider RFP's received by 4:30 p.m. on March 26, 2010, by the Parks, Recreation and Neighborhoods Department to be eligible for inclusion in the initial roster. Facsimiles, CD's and e-mails are not acceptable RFP submissions.

Submissions shall be hand-delivered to the following address:
City of Modesto
Parks, Recreation and Neighborhoods Department
Tenth Street Place
1010 10th Street, Suite 4300
Modesto, California 95354

The RFP shall contain, at a minimum, the following information:

1. A description of recent senior affordable housing development experience (in the last five years) including projects that included Low and Moderate Income (LMI) units (30% to 120% of A.M.I.). The detailed project description should include the following basic information:
 - b. A description of the applicant's organizational structure, senior residential development track record and financial capability (identifying specific relevant projects including number of units, sale or rental prices, tenant mix, etc.).
 - g. Proposers shall submit a copy of their organization's most recent year end Financial Statements prepared in accordance with Generally Accepted Accounting Principles
 - h. Information outlining ability to obtain financing and relationships with lending institutions and the equity market.
 - i. A description of relevant associated professionals, architects, project managers, and others (Development Team).
 - j. A description of specific and relevant experience of the Development Team.
 - k. Experience in property management or association with an experienced property management firm.
 - l. Projected operating proforma, projected sources and uses and projected property management plan.
 - m. Preliminary Marketing Plan. A final Marketing plan will be required 180 days prior to construction Completion and must be approved before marketing can begin.
2. At least three (3) business and financial references (excluding Development Team members). Include a contact person address and telephone number.
3. A list of three (3) additional professional references.
4. A project description including the type of land use ideas, housing, projected operating proforma, projected sources and uses and projected property management plan.

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5. A neighborhood participation strategy. Include a Community Outreach Plan. The plan should describe how the Developer will build active support for the project and address community concerns, including a list of all individuals and organizations with whom you have met or will meet to discuss the project, and approximate dates of each phase of the plan

The submittal should be clearly marked as follows:
Proposal for Senior Affordable Housing Development Program

The Redevelopment Agency and the City of Modesto is looking forward to receiving your RFP. If you have any questions, please contact Scott Humphries, Administrative Analyst (209) 571-5506, shumphries@modestogov.com

E. Disclaimers

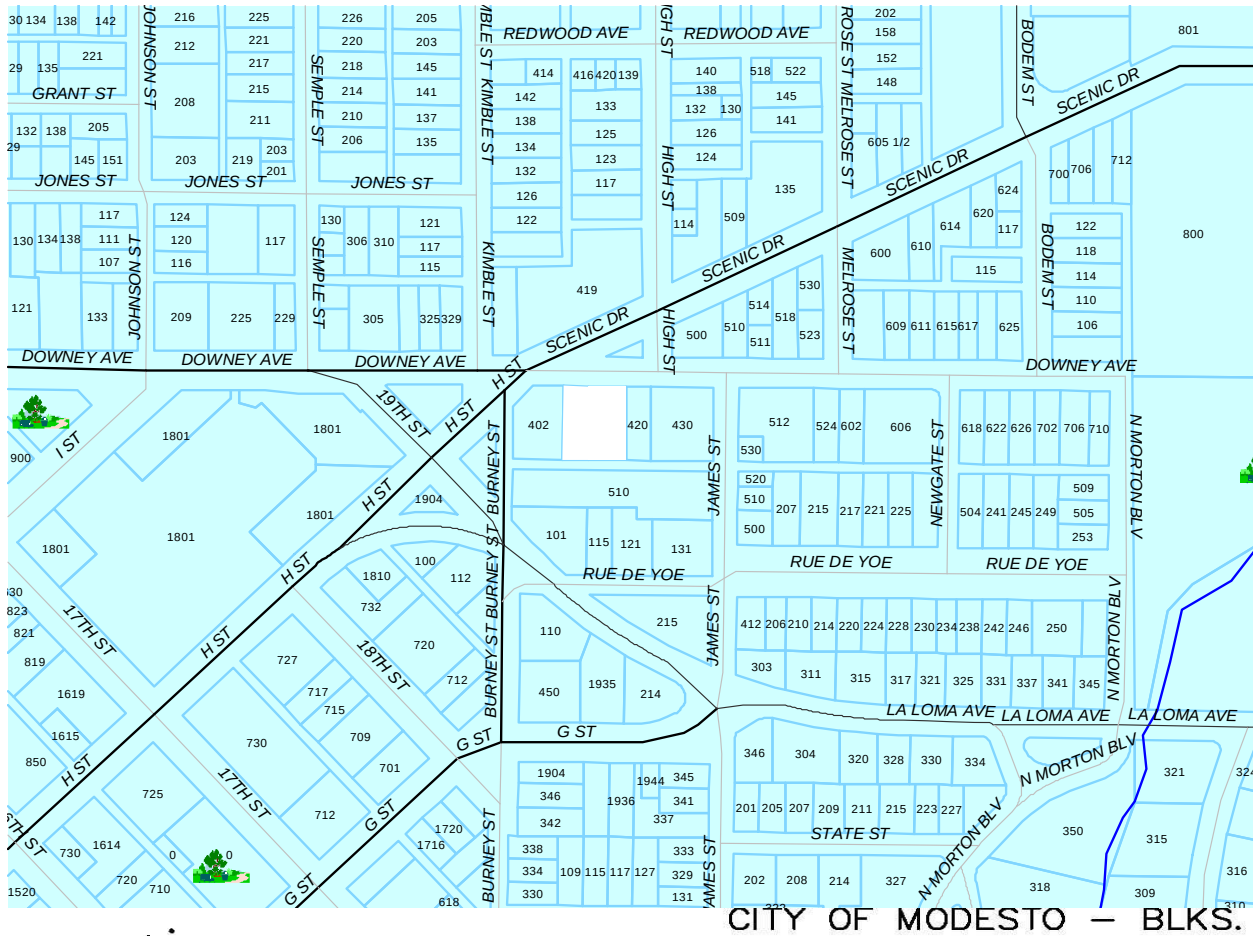
- All costs associated with the preparation of a Proposal (RFP) shall be borne by the preparer/submitter.
- All responses to the RFP shall become the property of the Agency and the City of Modesto.
- At its sole and absolute discretion, the Redevelopment Agency and the City of Modesto reserves the right to reject any and all submissions and to modify or cancel, in part or in its entirety, without cause.
- Incomplete applications will be deemed invalid.

V. RFP Timeline

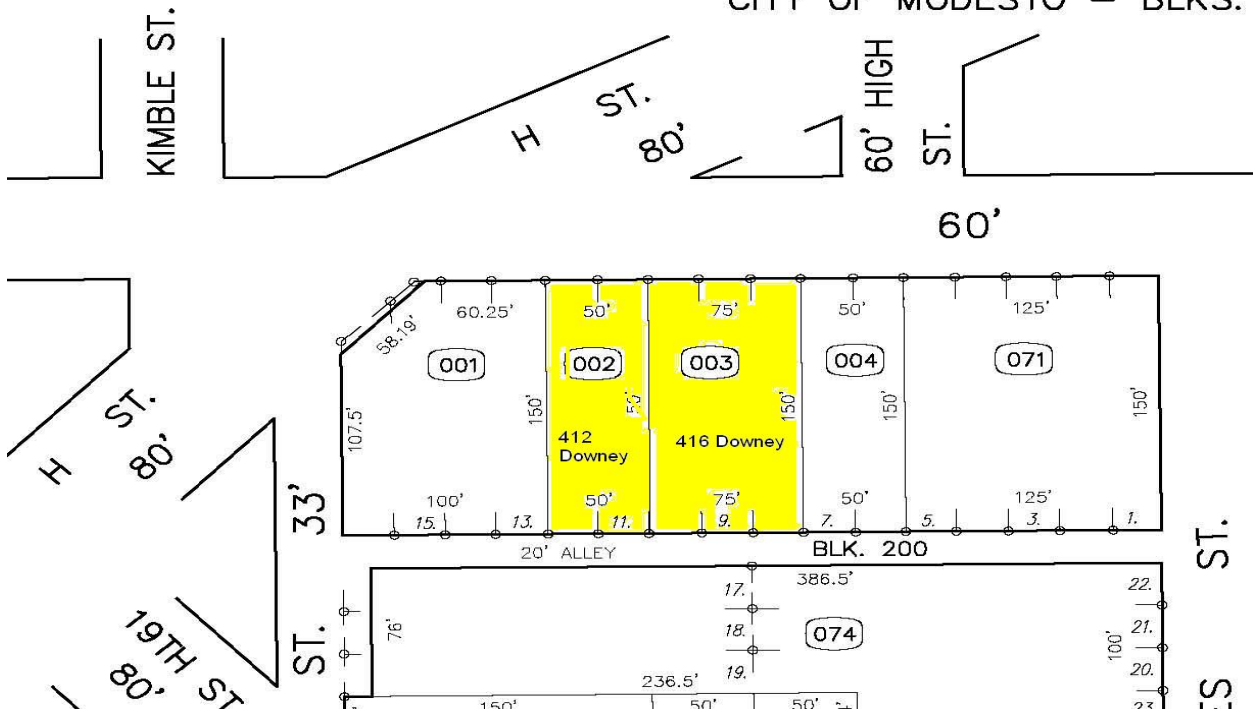
Approximate timeline for the project selection process is summarized below

RFP Issued	February 9, 2010
Written Questions Due	February 26, 2010
Addendum Issued (If required)	March 1, 2010
Proposals Due	March 26, 2010
RFP Review	Mid April, 2010
Selection Committee Recommendations of Qualified Firms	Late, April 2010
City Council Approval	Late, May, 2009

City of Modesto
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CITY OF MODESTO – BLKS.



Attachment A

City of Modesto
Request for Proposal for Affordable Housing Developers



City of Modesto
Request for Proposal for Affordable Housing Developers

