CITY MANAGER APPROVAL: 

DATE: September 9, 2019

TO: Honorable Mayor and Members of the City Council

SUBMITTED BY: Marc Castagnola, AICP, Director of Community Development

SUBJECT: PRESENTATION AND SELECTION OF PROPOSALS RECEIVED IN RESPONSE TO A REQUEST TO SOLICIT PROPOSALS FOR A POTENTIAL AFFORDABLE HOUSING PROJECT IN DOWNTOWN ALHAMBRA.

RECOMMENDATION

Staff recommends that the City Council receive the presentation of all respondents to the Request for Proposals issued last July 12, 2019, for an affordable housing project in downtown Alhambra and provide direction to staff to pursue negotiation of an Exclusive Negotiation Agreement (ENA), and subsequently a project development agreement with Council’s selected developer.

BACKGROUND

Over the past couple of years, staff has investigated options to utilize available housing funds remaining after the dissolution of Redevelopment was finalized. Staff researched underutilized and vacant land with the appropriate multi-family land use and zoning classifications that may lend themselves for affordable housing development. The City of Alhambra is largely built out and the largest single, vacant, City-owned parcel remaining available for such a project is less than half an acre, about 0.42 acres (18,399 square feet), with limited street frontage and currently used as a surface parking lot in the downtown district. The subject parcel is located between 1st and 2nd Streets, south of Main Street under the Assessor Parcel Number (APN) 5344-026-915.

On July 8, 2019, the City Council directed staff to issue a Request For Proposals (RFP) to allow opportunity for non-profit entities to submit proposals for affordable housing development on the available parcel in Downtown Alhambra. The type of affordability was not specified in the RFP and was left open to a wide range of income eligibility (from supportive housing to moderate income) for developers to propose what can be most financially feasible on the site based on subsidies available in relationship to the type of project proposed. The City’s RFP required developers to submit information such as the total number of proposed units and unit mix with respect to specific affordable income categories. The RFP also requested developers identify the amount of set-aside subsidy non-profit entities will seek from the City. The deadline to submit a proposal was 5:00 pm, August 22, 2019.
ANALYSIS

The RFP was posted on the City web site and sent to a list of 14 individual regional affordable housing developers including the Southern California Association of Non-Profit Housing (SCANPH) for secondary distribution amongst its membership. The RFP was made available from July 12 through August 22, 2019 for a total of forty-two (42) days.

By the submission deadline, the City received a total of three proposals as follows:

1) American Family Housing & National CORE;
2) Little Tokyo Service Center; and,
3) Affirmed Housing Group, Inc.

1) American Family Housing & National CORE:

American Family Housing (AFH) is teaming up with National CORE to provide a mix of 1- and 2-bedroom units for a total of 40 units in a 5-story building with on-site support services. The project would provide 20 residential parking spaces and 20 replacement public parking spaces. According to Federal guidelines, the project could accommodate up to 178 residents.

The total construction cost is estimated at $19,941,303 or approximately $498,533 per unit. AFH and CORE would finance the project with a combination conventional loan, LA County funding and a 4% Tax Credit in the amount of $17,950,634. The City of Alhambra would provide the balance of funding of $1,990,669 in the form of a long term residual loan at 3% interest. The land would remain under City of Alhambra ownership but subject to a long-term ground lease.

Additional details of this proposal are provided in the attached documents.

2) Little Tokyo Service Center:

Little Tokyo Service Center (LTS) is proposing to provide a mix of efficiency/studios and 1- and 2-bedroom units for a total of 48 units in a 4-story building with on-site support services. The project would provide 20 residential parking spaces and 20 replacement public parking spaces. According to Federal guidelines, the project could accommodate up to 174 residents.

The total construction cost is estimated at $25,116,113 or approximately $523,252 per unit. LTS would finance the project with a combination conventional loan, LA County funding and a 4% Tax Credit in an amount of $21,616,113. The City of Alhambra would provide the balance of funding through a $3,500,000 grant plus the value of the land which would be sold to the developer for $1.

Additional details of this proposal are provided in the attached documents.

3) Affirmed Housing Group, Inc.

Affirmed Housing Group (Affirmed) is proposing to provide a Senior housing project with a mix of efficiency/studios and 1-bedroom units for a total of 86 units in a 7-story building with on-site support services. The project would provide 27 residential parking spaces and 20 replacement public parking spaces. According to Federal guidelines, the project could accommodate up to 290 residents.

The total construction cost is estimated at $33,321,617 or, approximately $387,460 per unit. Affirmed would finance the project with a combination Tranche B loan and a competitive 9% Tax Credit in the amount of $27,821,617. The City of Alhambra would provide the balance of funding of $5,500,000 in the form of a long-term residual loan at 3% interest. The land would remain under City of Alhambra ownership but subject to a long term ground lease.
Additional details of this proposal are provided in the attached documents.

NEXT STEPS

If the City Council selects one of these three affordable housing developers, City staff will return to Council for approval of an Exclusive Negotiation Agreement (ENA). The ENA between the City and the developer specifies the periods of time in which the parties will negotiate exclusively on a development project. The ENA binds both parties from making any similar deals with other parties for a specific period. The ENA would be approved by the City Council at a future Council meeting. Concurrent with the negotiations, City staff would coordinate with Keyser Marston and Associates ("KMA") for a peer review of the selected developer's pro-forma. KMA is a recognized real estate development consultant firm with extensive experience in affordable housing projects, which has worked with the City in the past.

FINANCIAL ANALYSIS

There is no fiscal impact from the City’s selection of a proposal to enable entering into an Exclusive Negotiation Agreement. If an agreement for development is ultimately approved, the Council will be asked to appropriate the associated project subsidy from former Redevelopment Agency housing funds.

ATTACHMENTS

1) American Family Housing & National CORE summary proposal
2) Little Tokyo Service Center summary proposal
3) Affirmed Housing Group, Inc. summary proposal
American Family Housing & National CORE

Company Information:
- Proposer: American Family Housing & National CORE
- Primary Contact: Mr. Milo Peinemann CEO (AFH)
- Address: 15161 Jackson St., Midway City, CA 92655

General Experience:
- AFH over 30 years' experience + National CORE founded in 1992
- To date, over 8,000 affordable rental homes developed.

Proposed Project:
- Building Height: 5 Story (4 levels of residential over 1 level of parking podium)
- Affordable Units Mix:

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<th>1 Bedroom</th>
<th>2 Bedroom</th>
<th>Total</th>
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Parking Provided: 40 at ground level (20 Public + 20 Project)

Project Cost & Subsidies:
- Total Project Cost: $19,941,303
- Developer Fee: $2,500,000
- City of Alhambra Cash subsidies requested: $1,990,669
  57 year residual loan at 3% interest
- City of Alhambra Land subsidies requested: City retains ownership of the land
  $99 - 99 year ground lease ($1/Y)
Little Tokyo Service Center

Company Information:

Proposer: Little Tokyo Service Center (LTS)
Primary Contact: Mr. Takao Suzuki, Director, Community & Economic Development
Address: 231 E. Third Street, Suite G-1-6, Los Angeles, CA 90013

General Experience:

- LTS Community Development formed in 1979
- To date, nearly 1,000 units of housing developed.

Proposed Project:

Building Height: 4 Story (3 levels of residential over 1 level parking podium)
Affordable Unit Mix:

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<td>18</td>
<td>12</td>
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Parking Provided: 40 at ground level (20 Public + 20 Project)

Project Cost & Subsidies:

Total Project Cost: $25,116,113 $523,252/Unit
Developer Fee: $2,500,000
City of Alhambra Cash subsidies requested: $3,500,000
City of Alhambra Land subsidies requested: City does not retain ownership of the land
Sale of land for $1 (value to be appraised)
Affirmed Housing Group, Inc.

Company Information:
Proposer: Affirmed Housing Group, Inc.
Primary Contact: Mr. James Silverwood, President & CEO
Address: 13520 Evening Creek Dr. N., Suite 160, San Diego, CA 92128

General Experience:
- Affirmed Housing Group founded in 1992
- To date, 53 communities and over 4,000 affordable rental homes developed.

Proposed Project:
Building Height: 7 Story (5 levels of residential over 2 levels of parking podium)
Affordable Unit Mix: 86 Senior mixed income

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Parking Provided: 48 on 2 levels (20 Public + 28 Project)

Project Cost & Subsidies:
Total Project Cost: $33,321,617
Developer Fee: $1,975,042
City of Alhambra Cash subsidies requested: $5,500,000
City of Alhambra Land subsidies requested: City retains ownership of the land
$7,425 - 99 year ground lease ($75/Y)