

**REQUEST FOR DEVELOPER QUALIFICATIONS
35-UNIT SCATTERED SITE ACQUISITION/REHABILITATION OPPORTUNITY
CITY OF CORONADO**



**CITY OF CORONADO
ACTING AS THE SUCCESSOR AGENCY TO THE
COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF CORONADO**

**RFQ DISTRIBUTION: AUGUST 24, 2015
RFQ SUBMITTAL DEADLINE: SEPTEMBER 30, 2015**



I. INTRODUCTION

The City of Coronado (City) acting as the Successor Agency to the Community Development Agency (Agency) of the City of Coronado is facilitating an affordable housing opportunity to rehabilitate and operate four (4) existing scattered site properties containing a total of 35 rental apartments (Project) in the heart of Coronado. The City is offering this opportunity as a long-term ground lease. Development teams that can demonstrate the experience, capability, and creativity to rehabilitate and operate the Project are invited to respond to this Request for Qualifications (RFQ) by outlining their relevant experience, financial capabilities, conceptual plans, and other pertinent information to enable the City to identify a shortlist of development teams for consideration.

The selection process will consist of two phases. The first phase will involve identification of a shortlist based on team qualifications and ability to achieve the objectives of the City. The second phase will involve interviews of each of the shortlisted teams with City staff. The City intends to select a developer team, proceed with the negotiations, and enter into a Disposition and Development Agreement (DDA) and long-term Ground Lease for the rehabilitation and subsequent operation of the Project.

II. OVERVIEW OF DEVELOPMENT OPPORTUNITY

Since 2000, the Agency acquired four (4) multi-family properties: two (2) on Orange Avenue and (2) on G Avenue (Site). The Sites are within minutes of the public library, schools, grocery stores, hospital, and bus stops. The table below provides summary level information for each property. The Project contains a total of 35 multi-family rental apartments. Of this total, 17 are restricted at 50% of Area Median Income (AMI) and 18 are restricted at 60% of AMI. The Project must be rehabilitated to maintain, at a minimum, the current existing number of units and unit mix; however, the applicant can configure other unit mixes based on current zoning of the Site. Refer to Exhibits 1 and 2 for more information on the Project.

	406-430 Orange Avenue	445-451 Orange Avenue	560-566 G Avenue	840 G Avenue
Parcel Number(s)	536-302-29 536-302-24	536-311-07	536-352-16	537-222-23
Lot Size	21,000 SF	7,000 SF	7,000 SF	10,500 SF
Existing Units	17	3	4	11
Original Year(s) Built	1944, 1964	1922, 1923, 1958	1944, 1948	1961
Year Acquired by Agency	2002	2002	2002	2006
County Document (CC&Rs)	2002-0686285	2002-0496772	2002-0525579	2006-0626205

III. REHABILITATION SINCE AGENCY ACQUISITION



406-430 Orange Avenue: In 2002, the Agency completed rehabilitation that included: addition of new hardscape and plants; removal of lead paint; replacement of fencing; construction of a trash enclosure; addition of new shutters, mailboxes, and an irrigated planter. The courtyard was resurfaced and the buildings were all repainted. The total cost was **\$212,168**.

445-451 Orange Avenue: In 2002, after the Agency acquired the property, lead based paint, asbestos, and overgrown foliage were removed; the lawn was redone; roof accents and new fencing were installed; and a trellis and trash enclosure for the dumpster were constructed. The total cost was **\$74,500**.



560-566 G Avenue: In 2002, the rehabilitation of this property added a new iron fence, a new permanent laundry room structure, a new garage roof, irrigation lines, better lighting, and one unit was made wheelchair accessible. Lead-based paint was removed and the landscaping was cleaned up, removing overgrown trees. The total cost was **\$45,000**.

840 G Avenue: In 2008, the rehabilitation focused on the removal of the individual water heaters and installation of a high efficiency water heater system that services the entire building. New wall furnaces, new water saving toilets, replacement of shower components, new lavatory and kitchen faucets, and new flooring in the bathrooms were also installed. The total cost was **\$136,046**.



In 2011, a solar system was installed to power the water heater system. Total costs for the solar system and installation was **\$46,155**. Also in 2011, the complex went through a substantial interior and exterior rehabilitation to address deficiencies which included deteriorating stairs, balconies, handrails; inefficient and failing windows; removal of exterior window shutters; repainting of the building; and the placement of a vertical aluminum clad screen element on the front façade. The exterior rehabilitation included: a landscaping and hardscaping component to improve site accessibility, bike storage, and enhanced outdoor community space. Interior improvements included: new kitchen cabinetry, electrical fixtures, appliances, counters, and floor coverings. Total costs for the substantial rehabilitation were **\$632,619**, for a grand total of **\$814,800** in rehabilitation.

IV. CITY GOALS FOR THE PROJECT

The City is looking for a developer team that:

- Has experience building and financing affordable housing projects.
- Will obtain all other funding needed and required permits within approximately two years and begin rehabilitation of the Project within a year of securing all necessary funding.
- Can provide professional guidance to incorporate specific necessary elements for efficient operation of an affordable housing complex into the design and ultimate rehabilitation of the Property.
- Has demonstrated successful property management of comparable properties.
- Is prepared to take over all property operation and management responsibilities of the Project by January 2016.
- Will enter into a DDA and Ground Lease by March 2016.

V. STATEMENTS OF QUALIFICATION

The City is requesting qualification statements to assess interest in this opportunity. The selected developer team will be invited to work with the City. The RFQ response should express the developer team's interest, vision, and capability to rehabilitate and operate the Project. Concise and focused responses are encouraged. The submittal should be limited to 20 pages, and shall include each of the following elements:

A. Submittal Cover (1 page)

The cover should include the title, submittal due date, name, address, telephone number, and e-mail of the principal contact.

B. Table of Contents (1 page)

The table of contents shall list corresponding headings and pages to allow for easy reference by the reviewers.

C. Cover Letter (maximum 2 pages)

The cover letter shall be brief and clearly identify the respondent's principal contact, including all forms of contact for this individual and also identify any partners or subconsultants. The signatory shall be an individual with legal authority to bind the prime, partners, and subcontractors.

D. *Development Entity* (maximum 5 pages)

- Identify the lead development team that would enter into the DDA/Ground Lease with the City, including partners, lead planning and design firm(s), and other consultants, if known.
- Provide narrative that details whether the development team has rehabilitated and operated scattered-site affordable housing complexes.
- For each firm of the development team, briefly describe its role, relevant experience, partners, and specialization.
- Identify the project manager and personnel implementing the development concept through day-to-day management and their level of experience and responsibility.
- Provide resumes for each of the project managers and key staff members that will be working on the Project.

E. *Comparable Development/Property Management Experience* (maximum 5 pages)

- Provide up to three (3) examples of comparable project experience, particularly with rehabilitation and operation of scattered site projects. The City prefers examples of projects that are underway or were completed within the past seven (7) years by the principals of the development team. The projects should include location, size, and amenities.
- Describe property management and affordability compliance experience with Low Income Housing Tax Credits, Regulatory Agreements, and other applicable State and Federal rules and regulations.
- Outline the process to take over property management for the Project by January 2016, and ensure continued high quality property management through rehabilitation and operation thereafter.
- Indicate if the development team has experience working on projects in the City of Coronado.
- Provide additional information regarding the development team that identifies length of time in business, ownership structure, operating structure, principal offices, and specify which office would service the Project.

F. Financial Capability (1 page)

- Provide narrative that identifies the development team’s capacity and financial strength to secure the equity and financing required to implement the proposed rehabilitation of the Project.
- Disclose if the development team has ever defaulted on its financial obligations, has had developments that were foreclosed upon, or if bankruptcy has ever been filed.

G. Vision and Development Program Summary (maximum 4 pages)

This section should demonstrate a cohesive vision for the rehabilitation and operation of the Project, including:

- A brief narrative describing the envisioned development concept, approach to rehabilitation and operation, and how the Project fits into the development team’s overall business strategy.
- A description of the principal features likely to be included in a rehabilitation program.
- A conceptual financing plan that incorporates tax credits and/or other funding sources for rehabilitation and/or construction in the near future.

It is not necessary to submit site plans, planning/design concepts, or a detailed financial pro forma at this time.

H. Implementation Timeframe (1 page)

- Discuss the development team’s timeline to initiate and complete rehabilitation activities after executing a DDA and Ground Lease.
- Outline a critical path schedule for project completion and methodology of due diligence including: formulation of development concepts, financing strategy, City planning reviews, and rehabilitation schedule.

VI. RFQ SUBMITTALS AND QUESTIONS

Development teams responding to this RFQ should submit one (1) original hard copy, three (3) additional hard copies, and one (1) digital PDF file (on thumb drive). Responses to this RFQ shall not exceed a total of 20 pages, including any appendices, using a minimum font size of 11. Submittals must be received by the City no later than 5:00 p.m. on September 30, 2015. Submittals should be addressed to:

*“35-Unit Scattered Site Acquisition/Rehabilitation Opportunity”
The City of Coronado Acting as the Successor Agency to the
Community Development Agency of the City of Coronado
Attention: Ms. Rhonda Huth
Senior Management Analyst
1825 Strand Way
Coronado, California 92118*

Incomplete submittals, incorrect information, or late submittals shall be cause for disqualification. Copies received by e-mail and/or fax will **not** be accepted. Any questions regarding the project and this RFQ should be directed to:

Ms. Rhonda Huth
Senior Management Analyst
rhuth@coronado.ca.us
Phone: (619) 522-2426

VII. SELECTION PROCESS AND CRITERIA

Respondents will be evaluated on the strength and experience of the development team, the team’s vision for long-term management and operation of the Project, and the team’s experience with implementation of rehabilitation and operations of comparable projects. The City has assigned the following point system to the specific evaluation criteria:

Criteria	Total Points
Development Entity	20 Points
Comparable Development/Property Management Experience	30 Points
Financial Capability	20 Points
Vision and Development Program Summary	20 Points
Implementation Timeframe	10 Points
Total	100 Points

The City anticipates that interviews will be held with the shortlisted developer teams. Following the interviews, the selection committee will recommend a finalist to commence negotiations, subject to City Council consideration and approval.

The anticipated schedule is as follows:

RFQ Distribution	August 24, 2015
RFQ Submittal Deadline	September 30, 2015
Interviews	October 19-23, 2015
Selection	November 17, 2015

This solicitation does not require the City to award a contract, to pay any cost incurred with the preparation of a qualification statement, or to procure or contract for services or supplies. The City reserves the right to accept or reject any submittals received in response to this request, to negotiate with any qualified source, or cancel in whole or part this process if it is in the best interest of the City. Prior to negotiations, prospective entities may be required to submit revisions to their qualification statement. All proposers should note that any contract pursuant to this solicitation is dependent upon the recommendation of the City staff and the approval of the City Council.

Thank you for your interest in this opportunity.

Sincerely,



Blair King
City Manager

EXHIBIT 1

PROJECT DESCRIPTION
 35-UNIT SCATTERED SITE ACQUISITION/REHABILITATION OPPORTUNITY
 CITY OF CORONADO

	406-430 Orange Avenue	445-451 Orange Avenue	560-566 G Avenue	840 G Avenue
I. Site Area	21,000 SF	7,000 SF	7,000 SF	10,500 SF
II. Original Year Built	1944	1922	1944	1961
III. Existing Conditions	One-bedroom Two-bedroom Total Units <i>(R4 zoned: 19 units)</i>	One-bedroom Two-bedroom Total Units <i>(R4 zoned: 6 units)</i>	One-bedroom Two-bedroom Total Units <i>(R3 zoned: 4 units)</i>	One-bedroom Two-bedroom Total Units <i>(R3 zoned: 6 units)</i>
IV. Gross Building Area	One-bedroom Two-bedroom Total GBA	One-bedroom Two-bedroom Total GBA	One-bedroom Two-bedroom Total GBA	One-bedroom Two-bedroom Total GBA
V. Parking	Surface Spaces 17 Spaces 1.0 Space/Unit 2.0 Spaces/Unit	Surface/Garage Spaces 5 Spaces 1.7 Spaces/Unit 2.0 Spaces/Unit	Garage Spaces 4 Spaces 1.0 Space/Unit 2.0 Spaces/Unit	Surface/Carport Spaces 10 Spaces 0.9 Spaces/Unit 2.0 Spaces/Unit

EXHIBIT 2

**SUMMARY OF ACQUISITION AND EXISTING COVENANTS
35-UNIT SCATTERED SITE ACQUISITION/REHABILITATION OPPORTUNITY
CITY OF CORONADO**

	406-430 Orange Avenue	445-451 Orange Avenue	560-566 G Avenue	840 G Avenue
I. Year Acquired	2002	2002	2002	2006
II. Acquisition Costs Sources of Funds	\$3,695,000 20% Housing Set Aside Fund	\$1,315,000 20% Housing Set Aside Fund	\$1,200,000 20% Housing Set Aside Fund Housing Development Fund	\$3,695,000 20% Housing Set Aside Fund Housing Development Fund
III. Prior Rehabilitation Investment by City	\$212,200	\$74,500	\$45,000	\$814,800
IV. Required Income Mix	Very Low (50%) 9 units Low (60%) <u>8 units</u> Total Units 17 units	Very Low (50%) 1 unit Low (60%) <u>2 units</u> Total Units 3 units	Very Low (50%) 2 units Low (60%) <u>2 units</u> Total Units 4 units	Very Low (50%) 5 units Low (60%) <u>6 units</u> Total Units 11 units
V. Covenant Expiration (1)	September 2057	July 2057	July 2057	September 2061
VI. Current Property Manager	McKee Asset Management	McKee Asset Management	McKee Asset Management	McKee Asset Management

(1) Per Declaration of Conditions, Covenants, and Restrictions (CC&Rs).