File #: 21-0555, **Version:** 1

REQUEST FOR CITY COUNCIL AND CORONA HOUSING AUTHORITY ACTION

DATE: 06/16/2021

TO: Honorable Mayor and City Council Members

FROM: Community Development Department

SUBJECT:
Report and outcome on the City's Request For Qualifications and Proposals for the development of affordable housing units and permanent supportive housing units on 4.82 acres owned by the Corona Housing Authority located at the southwest corner of Buena Vista Avenue and Second Street (APNs 118-270-002 & 118-270-003).

EXECUTIVE SUMMARY:

The City's Housing Division within the Community Development Department published a Request For Qualifications and Proposals (RFP) seeking a highly qualified developer that specializes in the construction and management of affordable housing units and permanent supportive housing units. The Corona Housing Authority is proposing to partner with the developer in developing affordable housing and permanent supportive housing units on a vacant, 4.82-acre property. The Corona Housing Authority acquired the 4.82 acres in 2019 with the intent to enter into an Affordable Housing Disposition and Development Agreement with a qualified developer on the construction of new housing units. The housing units would be set-aside as affordable and permanent supportive housing for a period of no less than 55 years.

RECOMMENDED ACTION:

That the City Council and Corona Housing Authority affirm the review panel's selection of C & C Development in partnership with Orange Housing and Mercy Housing and authorize the City Manager or his or her designee to begin negotiations on an Affordable Housing Disposition and Development Agreement for the development and management of affordable housing and permanent supportive housing units on 4.82 acres owned by the Corona Housing Authority.

BACKGROUND & HISTORY:

In 2019, the Corona Housing Authority (CHA) purchased two surplus properties from the Riverside County Transportation Commission (RCTC). The properties are located at the southwest and

southeast corners of Buena Vista and Second Street. The parcel at the southwest corner is 4.82 acres (APNs 118-270-002 & 118-270-003) and the parcel at the southeast corner is .20 acres (118-302-014). The CHA purchased the properties for $2 million with the intent to partner with an affordable housing developer on the future construction and long-term management of affordable housing units.

Staff published a Request For Qualifications and Proposals (RFP) on October 17, 2020. The RFP was sent to 79 southern California developers and the Southern California Association of Non-Profit Housing Organization (SCANPH). The RFP was posted on the City's website and SCANPH advertised the RFP in their monthly newsletter, which is distributed to 5,000 subscribers.

The RFP was open for 60 days. At the end of the closing period on December 17, 2020, the City received six proposals from LINC Housing & National Core, C & C Development in partnership with Orange Housing and Mercy Housing, McCormack Baron Salazar, Related California, Century, and DOMUS Development.

A review panel of five members was created to review the proposals submitted to the City. The review panel consisted of City staff in the Housing division, the City's homeless coordinator, Deputy City Attorney, and an independent financial consultant that is specialized in affordable housing financing.

The review panel scored the proposals using the selection criteria described in the RFP. The maximum score a proposal can receive from each panelist is 100, for a total score of 500. The scoring is concentrated in the Development Proposal category which includes:

- Project design/project schedule (Maximum 10 Points)
  - Overall quality design/efficient use of site/site layout.
  - Proposed development schedule.
- Project affordability/financial strength (Maximum 40 points)
  - Number of affordable units based on the mix of Area Median Income (AMI) units.
  - Number of permanent supportive units, social services, and supportive services.
  - Cost efficiency.
  - Proposed financing structure.
  - General terms and conditions requested by developer.
- Developer Experience (Maximum 35 Points)
  - General development experience.
  - Affordable housing development experience, including construction.
  - Affordable housing financing.
  - Property management experience.
  - Permanent Supportive Housing development and property management experience.
- Overall Development Proposal (Maximum 15 Points)
  - Architectural design and quality design features.
  - Site design/layout.
  - On-site open space and amenities.
  - Social services and supportive service programs.

The scores were totaled for each proposal by each panelist to determine the initial ranking. To further confirm the ranking based on the total score from each panelist, the review panel then removed the highest and lowest scores from each proposal. The removal of the highest and lowest scores from each proposal confirmed the initial ranking of the proposals. The review panel decided the proposals that received a score of 400 points or more would advance to the interview phase of the process. The developers that advanced to the interview phase included: 1) RELATED California and 2) C & C Development in partnership with Orange Housing and Mercy Housing.

Ranking of Proposals

Developer	Total Score
RELATED California	448
C & C Development in partnership with Orange Housing and Mercy Housing	422
McCormack Baron Salazar	397
LINC Housing & National Core	387
Century	358
DOMUS Development	352

The panel provided supplemental questions and interviewed the top two developers on April 26, 2021. The interviews were done by the same review panel that reviewed the proposals. The interviews were scored using the same scoring criteria that was used on the proposals. The proposals were ranked based on the final score from the interview. The review panel ranked C & C Development in partnership with Orange Housing and Mercy Housing in first place and RELATED California in second place.

Interview Ranking on Proposals

Developer Total Score	
C & C Development in partnership with Orange Housing and Mercy Housing	471
RELATED California	446

ANALYSIS:

C & C Development in partnership with Orange Housing and Mercy Housing, and Related California exemplify experience in building and managing affordable housing projects that accommodate persons of very low to low incomes. These incomes are defined as people earning 30% or below the area median income (AMI) to 80% of the AMI. The breakdown of the income categories is described as:

- Extremely Low: 30% or below AMI
- Very Low: 31-50% AMI
- Low: 51-80% AMI

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Both proposals resulted in a similar number of total housing units. The difference is in the unit distribution and unit type. The below table summarizes the housing unit distribution proposed by the two developers.

C & C Development w/Orange Housing & Mercy Housing Related California	
Total Units: 135	**Total Units: 138**
Permanent Supportive Housing Units. 25, one bedroom units at 30% AMI.	Permanent Supportive Housing Units. 40, studio and one bedroom units at 30% AMI.
Other Units. 30% AMI = 11 units. 50% AMI = 11 units. 60% AMI = 76 units. 70% AMI = 11 units. 1 Manager Unit The units include a mix of one to three- bedroom units.	Other Units. 30% AMI = 4 units. 50% AMI = 19 units. 60% AMI = 73 units. 2 Manager Units The units include a mix of studio to three- bedroom units.

Both projects will require cash assistance from the Corona Housing Authority and both developers will utilize state tax credit financing at either 4% or 9%, No Place Like Home funds, and Project-based vouchers. C & C Development in partnership with Orange Housing & Mercy Housing request financial cash/deferred City fee assistance of $8,025,000 equal to $59,400 per unit. Related California financial cash assistance request is $8,250,000 equal to $59,800 per unit.

C&C in partnership with Orange Housing & Mercy Housing proposed a layout balanced for the site that provides sufficient onsite parking, a separate Permanent Supportive Housing (PSH) complex, good vehicle and pedestrian circulation and connectivity, as well as suitable outdoor and indoor common areas and amenities. Additionally, C&C and Orange Housing own and operate the Citrus Circle affordable apartments directly across from this site and can cross collateralize the use of facilities and services. Related California also proposed a desirable development that contains elevators in all buildings, robust outdoor/indoor spaces and amenities, however, the potential site design accommodated less vehicle spaces for parking than compared to C&C's proposal.

The final score reflected that the review panel preferred the proposal by C&C Development in partnership with Orange Housing & Mercy Housing.

The terms agreed upon between the CHA and developer will be executed in an Affordable Housing Disposition and Development Agreement (AHDDA). Once a developer is selected for the project, the City will begin negotiations on the AHDDA, which will ultimately be presented to the City Council and Corona Housing Authority for consideration and approval.

Based on the results of the RFP evaluation process performed by the review panel, staff is proposing the City Council and Corona Housing Authority affirm the review panel's selection of C & C Development in partnership with Orange Housing and Mercy Housing as the developer of the 4.82 acres owned by the CHA. The confirmation of this selection will allow staff to move into the next phase of this project and proceed with negotiations on an AHDDA. The AHDDA will cover the CHA's cash contribution to the project, the developer's financial obligations, project schedule, disposition of

the property, term of maintaining the units at the approved income levels, and other miscellaneous aspects associated with the agreement.

Should more information be desired before making its final decision, the City Council and Corona Housing Authority could invite the top two developers to provide a presentation on each company's background and proposal for the 4.82-acre site at future City Council Study Sessions.

FINANCIAL IMPACT:
The selection of the developer to partner with the Corona Housing Authority does not result in a financial impact.

ENVIRONMENTAL ANALYSIS:
The selection of a consultant is not considered a project under the California Environmental Quality Act. Therefore, no environmental analysis is required.

PREPARED BY: CYNTHIA LARA, ADMINISTRATIVE SERVICES MANAGER II

REVIEWED BY: JOANNE COLETTA, COMMUNITY DEVELOPMENT DIRECTOR

Attachments:
1. Exhibit 1 - Summary of panel's comments and scores
2. Exhibit 2 - Request for Qualifications and Proposal
3. Exhibit 3 - Project proposal Site Plan (CC Orange Housing Mercy House)
4. Exhibit 4 - Project proposal Site Plan (Related California)