

# CITY OF NEWPORT BEACH



## REQUEST FOR PROPOSAL NO. 15-55 AFFORDABLE HOUSING DEVELOPMENT

**RFP Due Date:**

June 30, 2015

**RFP Administrator:**

Anthony Nguyen, Purchasing Agent  
T: 949.644.3080 F: 949.642.7072  
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Email the RFP Administrator to be added to the Contact List in order to receive updates regarding addenda to this RFP

**SECTION 1:**  
**RFP OVERVIEW**



# INTRODUCTION

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## **OBJECTIVE:**

The City of Newport Beach is issuing this Request for Proposals (RFP) for the development of affordable housing within the City. Approximately \$4.2 million in funding is available from the City's Affordable Housing Fund (fund) to support the creation of new units, or rehabilitation and/or preservation of existing units. The fund was created from payments of an in-lieu housing fee required of certain development projects within the City and is intended to fill the financing gap between a project's total development cost and other available financing sources.

The City is seeking project proposals from development teams or service providers (Applicants) who are experienced and can demonstrate their ability to finance, design, build/rehabilitate and manage affordable housing. The Applicant shall be responsive and able to maintain excellent working relationships with City residents, businesses, government officials and City staff. Respondents to this RFP must be able to demonstrate their experience and their ability to provide affordable housing units that meet the criteria in Review Criteria. As part of the selection process, development teams will be required to submit a Statement of Qualifications (SOQ).

In order to be considered, a development team must have a proven track record of successfully constructing, financing, completing and managing similar projects. Development teams must also have experience complying with federal, state and local affordable housing fund construction, occupancy and reporting requirements.

Funding will be awarded by the City on a competitive basis to the project(s) that provide the best opportunity to address the City's affordable housing needs. The City reserves the right to request that Applicants submit additional information as may be requested by staff to clarify submitted information. Also, the City reserves the right to reject any and all proposals for any reason, and at its sole discretion.

## **ELIGIBLE USE OF FUNDS:**

The City's in-lieu housing fees were collected and deposited into an Affordable Housing Fund account and can be used to construct, rehabilitate, or subsidize affordable housing or assist other governmental entities, private organizations or individuals to provide or preserve affordable housing. The fund may be used for the benefit of both rental and owner-occupied housing. Allowed uses of fund monies include:

- Assistance to housing development corporations;
- Equity participation loans;
- Grants;
- Pre-home ownership co-investment;
- Predevelopment loan funds;
- Participation leases;

- Other public-private partnership arrangements;
- The acquisition of property and property rights;
- Construction of affordable housing including costs associated with planning, administration, and design, as well as actual building or installation;
- Costs of rehabilitation and maintenance of existing affordable housing when needed to preserve units that are at risk of going to a market rate or at risk of deterioration [an inventory of the existing City-restricted affordable housing units is included as Exhibit A] ;
- Other costs associated with the construction or financing of affordable housing;
- Reasonable administrative charges or related expenses; and
- Reasonable consultant and legal expenses related to the establishment and/or administration of the fund.

**EXAMPLES OF PAST USE OF FUNDS:**

In 2004, the City provided approximately \$1.5 million in funds to help subsidize the construction of the Bayview Landing senior affordable housing project. This development provided a total of 120 units: 95 low-income units, 24 very low-income units, and one manager’s unit. In 2009, the City granted \$140,000 in funds for the rehabilitation and conservation of 100 senior housing units at Seaview Lutheran Plaza Apartments that had a deteriorating water delivery system. The project consisted of 50 extremely low-income and 50 very low-income senior housing units. In exchange for the monetary assistance, the owner agreed to extend the affordability of the units for a total period of 30 years (March 2039).

**DEFINITIONS:**

The following is an explanation of terms frequently referred to in this document:

- “City”: Refers to the City of Newport Beach.
- “Request for Proposal (RFP)”: Refers to the solicitation process wherein the City is seeking proposals for the use of Affordable Housing Funds.
- “Proposal”: The formal response to this solicitation submitted to the City by Applicants or Proposers.
- “Applicant” or “Proposer”: Refers to the individual, partnership, or corporation that is submitting a proposal in response to this RFP process.
- “Project”: Affordable housing provided through a program or project with new units, preservation or rehabilitation of existing units.
- “Shall”: Refers to a mandatory requirement.

## **GENERAL INFORMATION:**

- A. The top proposals will be selected by City staff and presented to the Affordable Housing Task Force (AHTF), a committee of three City Council Members tasked with identifying, evaluating, and implementing affordable housing projects to satisfy community needs and achieve regional housing goals. The AHTF will select the best proposal(s) and recommend funding to the City Council for approval.
- B. When determined appropriate, the City will provide information in its possession relevant to preparation of required information in the RFP. The City will provide only the staff assistance and documentation specifically referred to herein.
- C. The developer or service provider shall be responsible for retaining data, records and documentation for the preparation of the required information. These materials shall be made available to the City as requested by the City.
- D. This RFP does not commit the City to pay costs incurred in preparation of a response to this RFP. All costs incurred in the preparation of the proposal, the submission of additional information and/or any aspect of a proposal prior to award of a written contract will be borne by the respondent. The City reserves the right to accept or reject the combined separate components of this proposal in part or in its entirety or to waive any informality or technical defect in proposal.
- E. All data, documents and other products used, developed or produced during response preparation of the RFP will become property of the City. All responses to the RFP shall become property of the City. Proposer information identified as proprietary information shall be maintained confidential, to the extent allowed under the California Public Records Act.
- F. The City reserves the right to reflect, replace and approve any and all subcontractors. All subcontractor(s) shall be identified in the response to the RFP and the City reserves the right to reject any subcontractor(s). Subcontractors shall be the responsibility of the developer or service provider, and the City shall assume no liability of such subcontractors.

## **PROJECT/PROPOSAL REVIEW CRITERIA:**

Immediately following the submission deadline, the Community Development Department will create a review panel with appropriate staff. Each member of the panel will evaluate and rank each proposal using the evaluation criteria listed below. The order in which the criteria are listed does not imply their rank of importance.

- Site control;
- Housing units must remain affordable for at least 30 years;
- Projects must have reasonable acquisition and construction costs, the ability to compete well in securing other/competitive funding sources and be soundly underwritten;
- Projects must leverage other financing sources;
- Projects must incorporate high quality design and amenities;

- Projects should incorporate “Green” building practices and materials in building design and construction;
- Projects must be compatible with neighborhood settings from a massing and design perspective;
- Projects must incorporate appropriate community spaces, amenities, and services for the target population;
- Proposer must have demonstrated experience with successful affordable housing projects and the capacity to work cooperatively with the community in the design and development of the project;
- Proposer must demonstrate the readiness of the proposed project to proceed;
- Proposer must demonstrate ability to manage affordable rental units so as to ensure both ongoing compliance with affordability requirements and long-term financial solvency;
- Projects must be consistent with the goals, policies, and programs of the Housing Element of the City’s General Plan – [http://www.newportbeachca.gov/PLN/General\\_Plan/06\\_Ch5\\_Housing\\_web.pdf](http://www.newportbeachca.gov/PLN/General_Plan/06_Ch5_Housing_web.pdf);
- Projects should target extremely low-income households (30% or less than the area median income), very low-income households (50% or less than the area median income), or low-income (80% or less than the area median income);
- Projects should consider a range of households, including special needs such as veterans, large families, persons with disabilities, or seniors; and
- Projects should include supportive services appropriate for the expected tenant population of the project.

**PROJECT/PROPOSAL SELECTION PROCESS:**

Once the panel has completed its review of the submitted material, it may invite the top rated proposers to an interview with the panel. Based on the responses to the RFP and the interviews, the panel may present all, some, or none, of the proposals to the AHTF. The AHTF may request additional interviews. Proposals that receive favorable AHTF review will be presented to City Council, with funding recommendations, for further consideration and for a final funding decision. Once City Council has made a final decision, the City and the approved team(s) will enter into an exclusive negotiation agreement (ENA) with funds reserved for a project.

# INSTRUCTIONS

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## Submittal Information:

In an effort to comply with environmentally-friendly practices, Proposals are due by 11:00 A.M. on June 30, 2015 in electronic format only via email to the email address of the RFP Administrator indicated below.

RFP Administrator: Anthony Nguyen, Purchasing Agent  
T: 949.644.3080 F: 949.642.7072  
Email: [anguyen@newportbeachca.gov](mailto:anguyen@newportbeachca.gov)

*(Please mark all submittals "RFP No. 15-55 Affordable Housing Development")*

It is the responsibility of the Proposer to ensure that the Proposal is received before the stated deadline. The Purchasing Office may be contacted at (949) 644-3080 to verify receipt of proposals. Postmarks will not be considered as a valid excuse for delayed or missing proposals. In the event that Proposers either cannot submit Proposals electronically or the Proposals are too large to transmit, Proposers must contact the RFP Administrator to make arrangements for hard copy delivery.

## Questions, Answers and Addenda to RFP:

Prior to the RFP submission deadline, questions may arise regarding the specifications and procedural or administrative matters. By June 3, 2015, all questions pertaining to this RFP shall be directed to the RFP Administrator only; Applicants shall not contact any other City staff with questions. The RFP Administrator will draft a formal response to all questions stated and post answers on the City website. Changes to the RFP itself shall only be made by the City via formal written addenda. Addenda will be published on the City's website. All addenda shall become part of the RFP document requiring response by the proposer where indicated.

It is the sole responsibility of the Applicant to ensure that they have received the entire Request for Proposal, including any and all questions, answers and addenda by visiting the City's website prior to the RFP submission deadline. Applicants may also email the RFP Administrator to be added to the Contact List for this RFP to receive updates on any addenda.

## Proposal Format:

1. **Cover Letter.** The proposal must include a signed cover letter. This cover letter must include a declaration that the only person, persons, company, or parties interested in the proposal as principals are named herein; that the proposal is made without collusion with any other person, persons, company, or parties submitting a proposal; that it is in all respects fair and in good faith without collusion or fraud, and that the signer has full authority to bind the proposer. It must also include an email address and contact information for the signer. The letter must be signed in blue ink. All proposal submissions shall be on 8-1/2" x 11" white paper.
2. **Statement of Qualifications (SOQ).** The SOQ must include the following components:
  - a. **Developer or Service Provider Team.** An organizational chart showing lines of responsibility, as well as a list of team members and their duties as part of the team.

- b. Developer or Service Provider Experience.** A narrative describing recent affordable residential development and management experience, with an emphasis on experience gained in the last five years on projects similar to the one being proposed.
  - i. Include project name and type (special needs, senior, large family, etc.), project address, developer team members, unit count and bedroom type, affordability requirements, funding sources, and project schedule in your description.
  - ii. Include a description of how neighborhood input was solicited and utilized in the development of these projects.
- c. Financial Capacity.** Description of financial strength and ability to obtain project financing, and to provide sufficient equity for the successful completion of the proposed project.
  - i. Include a description of current relationships with major lending institutions.
  - ii. The developer which is selected for recommendation to City Council, or if a partnership, the team members who will retain an ownership interest in the project, will be required to submit complete financial statements for the last three years. Because of the possibility of public records requests, the City cannot guarantee that these statements will remain confidential.
- d. References.** Include a list of at least three references from public agency partners and professional lenders and investors with full names, contact information, and identification of the project(s) worked on.

### **3. Amount of Funds Requested**

- 4. Project Description.** Detailed and concise narrative describing the proposed project, including at a minimum and as appropriate:
  - a. The development concept for the site or a description (with photographs) of the site, building, proposed building square footage, number and size of units/bedrooms, total parking spaces, proposed ingress and egress, proposed rents and tenant incomes, any special needs groups to be served, amenities to be provided to the tenants, and resident manager's unit. If there will not be a resident manager for a rental project, describe in detail how the project will be managed.
  - b. Provide basic site information such as property address, lot area, existing uses, current General Plan designation and zoning, consistency with zoning or if rezoning is required.
  - c. Describe the property location, neighborhood, transportation options, local services, and amenities within close proximity to the site.
  - d. Provide a graphic depiction of the proposed project consisting of a preliminary site plan and elevation.



- e. Description of how the project will be managed.
  - f. Provide evidence of site control. Site control must be maintained until the property is acquired.
  - g. Provide a plan for conducting community outreach to the neighbors of the proposed project and community groups. The outreach plan should describe how the proposer intends to build support for the project and address community concerns. The outreach plan should also discuss any anticipated community concerns and how they will be handled.
3. **Development Pro Forma** that identifies the sources and uses of all funds necessary to complete the project, and that includes the project's anticipated cash flows over a period of years equal to 15 years and 30 years. The pro forma should identify important underlying assumptions that govern the cash flows.
  4. **Proposed Implementation Plan.** Taking as a starting point City Council approval of use of the funds, provide a proposed development schedule or implementation plan. For development projects, include the following milestones: site acquisition, additional funding from all other funding sources, zoning change approvals if necessary, preparation and approval of construction plans, start of construction, completion of construction, and lease-up.
  5. **Applicant Information Form.** Please complete and remit the Applicant Information Form (included in the RFP as Attachment A).

**The proposal must be completely responsive to the RFP. Incomplete proposals will be deemed as nonresponsive and will be rejected. The City reserves the right to reject any or all proposals submitted and no representation is made hereby that any contract will be awarded pursuant to this RFP or otherwise.**

**SECTION 2:**  
**PROGRAM SCOPE**



# PROGRAM SCOPE

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The City of Newport Beach has an Affordable Housing Fund that will reach a maximum of approximately \$4.3 million in 2015. The City is soliciting proposals to find the best project(s) and/or program(s) to develop, preserve, or rehabilitate affordable housing units within the City from developers or service providers who are experienced, financially creative and capable of developing, managing and maintaining high quality housing. The City will entertain proposals for the following types of projects:

- Construction of new affordable housing units within the City.
- Rehabilitate and preserve existing affordable housing units on one or more sites. Existing housing sites located in the City with affordable housing restrictions are attached as “Exhibit A.”
- Acquire market-rate units on one or more sites and convert them to affordable units.
- Subsidizing housing costs for lower-income households or special needs groups.

The selected developer or service provider will also have a demonstrated history of working cooperatively with surrounding neighborhoods in all phases of project development. Both nonprofit and for profit developers are eligible to apply, either individually or in a partnership with other entities.

The City is not making any parcels it owns available for development through this RFP, and it will entertain proposals for suitable properties located anywhere in the City.

## **Proposer Representative**

The Proposer shall assign a primary representative and an alternate to perform the services described in the Program Scope. Each shall be identified in the proposal. The Proposer’s representatives shall remain in charge of all duties from contract negotiations through project completion. If the primary representative is unable to continue with the project, the alternate representative shall become the primary representative.

## **City Responsibilities**

The City shall provide the following items to assist the Proposer in completing services:

- Primary City representative;
- Current inventory of affordable housing sites in City and housing agreements;
- Housing Element Site Inventory and Analysis identifying potential housing sites in the City and allowed density

**SECTION 3:**  
**PROPOSAL ATTACHMENT**



# ATTACHMENT A: APPLICANT INFORMATION FORM

*Instructions: Complete the form below and remit as part of your Proposal as "Attachment A."*

## APPLICANT INFORMATION

APPLICANT/COMPANY NAME: \_\_\_\_\_

ADDRESS FOR NOTICES: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MAIN CONTACT (NAME AND TITLE): \_\_\_\_\_

CONTACT NUMBERS: TELEPHONE: \_\_\_\_\_ FAX: \_\_\_\_\_

E-MAIL ADDRESS: \_\_\_\_\_

## APPLICANT SIGNATURE AUTHORIZATION AND CERTIFICATION

Per the California Corporate Code, Business and Professions Code, the Applicant's Bylaws/Operating Agreement and/or the attached Board Resolution (if applicable), I/we hereby verify that I/we am/are (an) authorized signatory(ies) for the aforementioned Applicant and as such am/are authorized to sign and bind the Applicant in contract with the City of Newport Beach.

### 1. APPLICANT AUTHORIZED SIGNATORY(IES):

SIGNATURE	PRINT NAME	TITLE	DATE
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### 2. SIGNATURE AUTHORIZATION IS PROVIDED IN ACCORDANCE WITH:

Applicant's Bylaws/ Operating Agreement      Section \_\_\_\_\_       Copy Attached

Board Resolution       Copy Attached

Corporate or Business and Professions Code\*\*

\*\*If Consultant is a corporation, two (2) authorized signatories will be required on all documents submitted, unless specified in the organization's Bylaws or corporate resolution.

**IMPORTANT NOTE:** If the signature authorization status of any individual changes during the term of the contract, it is the responsibility of the Applicant to contact the RFP Administrator for the Applicant regarding the change and to complete and submit a new Signature Authorization Form. Incorrect information on file may delay the processing of any of the documents submitted.

**SECTION 4:**  
**TERMS & CONDITIONS**



# TERMS AND CONDITIONS

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## **I. Acceptance of Terms and Conditions**

Submission of a proposal indicates acceptance by the company submitting the proposal of the terms, conditions and specifications contained in this RFP, unless clearly and specifically stated otherwise in the completed Statement of Compliance.

## **II. Public Record**

Upon submission of a proposal and other materials for consideration by the City, such proposals and materials shall become property of the City of Newport Beach. Proposals may be subject to public inspection and disclosure pursuant to state and federal law after the award of a contract for this Project. Prior to the RFP deadline, proposals may be modified or withdrawn by an authorized representative of the Proposer by written notice to the Purchasing Office.

## **III. Availability of Records**

All relevant documents pertaining to this RFP and procurement process shall be made available by the Purchasing Office upon successful conclusion of the entire procurement process.

## **IV. Late Proposals**

Any proposal which is not received by the City's Purchasing Office prior to the deadline set forth in this solicitation shall not be considered. The City assumes no responsibility or liability for the transmission, delay, or delivery of a proposal by either public or private carriers.

## **V. Specificity of Information**

No verbal or written information which is obtained other than through this RFP or its addenda shall be binding on the City. No employee of the City is authorized to interpret any portion of this RFP or give information as to the requirements of the RFP in addition to that contained in or amended to this written RFP document.

## **VI. Errors and Omissions**

This RFP cannot identify each specific, individual task required to successfully and completely implement this Project. The City relies on the professionalism and competence of Proposers to be knowledgeable of the general areas identified in the Program Scope. Proposers shall not take advantage of any errors and/or omissions in this RFP document or in the firm's specifications submitted with their proposals. Where such errors or omissions are discovered by the City, full instructions will be given by the City in the form of an addenda.

## **VII. Proposal Validity**

Unless otherwise noted by the Proposer, all proposals shall be held valid for a period of 180 days.

## **VIII. Right of Rejection**

The City reserves the right to: (1) Accept or reject any and all proposals or any part of any proposal, and to waive minor defects or technicalities in such; (2) Request clarification of any information contained in a proposal; (3) Solicit new proposals on the same project, or on a modified project, which may include portions of the original RFP as the City may deem necessary; (4) Disregard all non-conforming, non-responsive, or conditional proposals; (5) Reject the response of any proposer who does not pass the evaluation to the City's satisfaction; (6) Allow for the correction of errors and/or omissions; (7) Select the proposal that will best meet the needs of the City, and (8) Negotiate service contract and terms with the successful Proposer.

## **IX. Non-Compliance**

Proposers and/or proposals that do not meet the stated requirements may be considered noncompliant and may be disqualified, unless such noncompliance is waived by the City. During the evaluation process, the City reserves the right to request additional information or clarification from those submitting proposals, and to allow corrections of errors and/or omissions.

## **X. Determination of Responsiveness and Responsibility**

The City shall have sole authority in determining the responsiveness and responsibility of any and all Proposals. For Proposals containing exceptions to specifications and/or requirements, the City shall have sole authority in determining the extent to which exceptions affect the responsiveness and responsibility of any and all Proposals.

## **XI. Obligation to Award**

The City of Newport Beach is not obligated to enter into a Contract or Agreement on the basis of any proposal submitted in response to this RFP. City reserves the right to award multiple contracts if it is deemed most advantageous to the City.

## **XII. Bidder Reimbursement Prohibition**

The City will not pay for any information herein requested, nor are they liable for any costs incurred by any vendors prior to award of the funds. The City may require the finalist proposer(s) to provide on-site presentations and demonstrations of the project(s) proposed by the proposer(s). All costs associated with the demonstrations or follow-up interviews are the sole obligation of the proposer(s).

## **XIII. Gratuity Prohibition**

Proposers shall not offer any gratuities, favors, or anything of monetary value to any official, employee, or agent of the City for the purpose of influencing consideration of this proposal. Submission of a Proposal indicates Proposer certifies that they have not paid nor agreed to pay any person, other than a bona fide employee, a fee or a brokerage resulting from the award of the contract.

## **XIV. Contact with City Personnel or Entities**

During the RFP procurement process, proposal evaluation process and proposal selection process, the RFP Administrator is to serve as the primary point of contact for any and all matters pertaining to this RFP and Project. Proposers shall not contact any City personnel or entities other than the RFP Administrator or those from the City's Purchasing Office for matters regarding this Project until conclusion of the entire procurement process, which shall be defined as Agreement Award. Unauthorized contact may result in disqualification of Proposals.



**XV. Indemnification**

Proposer, at his/her own expense and without exception, shall indemnify, defend and pay all damages, costs, expenses, including attorney fees, and otherwise hold harmless the City, its employees, and agents, from any liability of any nature or kind in regard to the delivery of these services. Submission of a Proposal indicates Proposer waives the right to claims for damages of any nature, whatsoever, based on the Proposal solicitation and/or selection process.

**XVI. Compliance with All Applicable Laws**

Proposer declares that it shall comply with all licenses, statutes, ordinances, regulations and requirements of all governmental entities, including federal, state, county or municipal, whether now in force or hereinafter enacted, including, but not limited to, appropriate contractor licensing and business licensing.

**XVII. Subcontractor/Joint Ventures**

The selected Consultant shall be the Prime Contractor performing the primary functions of the Agreement. If any portion of the Agreement is to be performed by a subcontractor, this must be clearly set forth in the Proposal submittal as to what part(s) is/are to be delegated. The City reserves the right to reject any Proposal wherein use of subcontractors significantly affects the ability of the Proposer to function as the Prime Contractor on the awarded Agreement. The Prime Contractor will, at all times, be responsible for the acts and errors or omissions of its subcontractors or joint participants and persons directly or indirectly employed by them. Acceptance or rejection of a Proposer’s request to use subcontractors is at the sole discretion of the City.

# **EXHIBIT A**

## **Inventory of Existing Rental Housing Units with Affordable Housing Restrictions**

**City of Newport Beach Inventory of Rental Housing With Affordable Housing Restrictions**

<i>Project Name/ Location</i>	<i>Type of Assistance Received</i>	<i>Earliest Possible Date of Change</i>	<i>Number of Units/Type</i>
Newport Harbor Apartments 1538 Placentia Avenue	Section 8 (rental assistance vouchers) Density Bonus Community Development Block Grant (CDBG)	2020	26 Low-Income
Newport Harbor II Apartments 1530 Placentia Avenue	Section 8 Density Bonus CDBG In-Lieu Fee Funds	2023	10 Low-Income 4 Very Low-Income
Newport Seacrest Apartments 843 15 <sup>th</sup> Street	Section 8 CDBG Fee Waivers Tax Credit Financing	2016	20 Very Low-Income 45 Low-Income
Pacific Heights Apartments 881-887 W. 15th Street	Section 8 Density Bonus	2019	7 Low-Income
Newport Seashore Apartments 849 West 15 <sup>th</sup> Street	Section 8 Fee Waivers	2018	15 Low-Income
Newport Seaside Apartment 1544 Placentia	Section 8 CDBG Fee Waivers	2017	25 Very Low-Income
Seaview Lutheran Plaza (Seniors) 2800 Pacific View Drive	Section 202 (federal grant) Section 8	2039	100 Extremely Low and Very Low- Income Senior
Bayview Landing (Seniors) 1121 Back Bay Drive	In-lieu Fee Funds Fee Waivers Tax Credit Financing	2056	24 Very Low 95 Low-Income

SOURCE: City of Newport Beach Planning Division