ITEM NO. 15

STAFF REPORT

CITY OF OCEANSIDE

DATE: April 18, 2007

TO: Honorable Mayor and City Councilmembers

FROM: Neighborhood Services Department
Housing and Code Enforcement Division

SUBJECT: **APPROVAL TO ISSUE A REQUEST FOR QUALIFICATIONS (RFQ) FOR THE DEVELOPMENT OF A MIXED-USE, AFFORDABLE-HOUSING PROJECT ON THE CITY-OWNED 14.47-ACRE JOSEPHO PARCEL**

SYNOPSIS

Staff recommends that the City Council authorize the issuance of a Request For Qualifications (RFQ) of developers for the development of a mixed-use, affordable-housing project on the City-owned 14.47-acre Josepho Parcel located just east of Mission Avenue and Carolyn Circle.

BACKGROUND

In March 2004, the City Council accepted the recommendations of the Affordable Housing Task Force. The Task Force report placed a priority on the development of affordable housing projects. The primary responsibility of the Neighborhood Services Department's Housing Division is to implement Housing programs that encourage and increase the inventory of affordable-housing units in the City of Oceanside. Purchasing vacant available land and subsequently assisting with the development of an affordable project is one such process to create affordable units. Approved developments will also assist the City in meeting its State-mandated Housing Element goal of providing over 2,400 affordable units by 2010.

ANALYSIS

The 14.47-acre Josepho Parcel was identified in the 2004 Affordable Housing Task Force Report as a potential site for the development of future affordable housing. The site was purchased by the City in 2006 through a fully executed purchase and sale agreement. Through the issuance of an RFQ, the City will select an experienced and capable developer, or joint venture of several development entities to complete a high-quality mixed-use affordable-housing development compatible with the surrounding neighborhood. In concept, the project will include up to 200 affordable rental units, a market-rate housing component and a commercial and/or mixed-use element.

The final site layout and design will be determined through a collaborative design process involving community neighbors, City staff and the selected development team, within the parameters established by allowable densities, height limitations, parking, vehicular access, soils conditions and other development requirements of the site.

RFQ submittals received by the set deadline will be reviewed by City staff and the City's Affordable Housing Consultant, David Paul Rosen and Associates (DRA) for completeness and meeting the minimum threshold requirements. DRA will assist in responding to advance questions received within 30 days of the RFQ issuance. Through a competitive scoring system, completed RFQ submittals will be presented to the Housing Commission for its review and recommendation of a developer to the City Council.

Upon approval of the developer by the City Council, the City will enter into an Exclusive Negotiating Agreement (ENA) providing time and performance requirements for the negotiation of a Development and Disposition Agreement (DDA) for the development of the site.

FISCAL IMPACT

It is anticipated that leveraged financing for the project may include a combination of funding sources from the 9% or 4% Low Income Tax Credit program, the Affordable Housing Program (AHP), Proposition 1A School Fee Reimbursements, Proposition 1C Housing Bond funds and local Housing Funds. The RFQ process does not commit additional Housing funds for the development of the site at this time.

COMMISSION OR COMMITTEE REPORT

On March 27, 2007, the Housing Commission unanimously recommended that the City Council authorize the issuance of a Request For Qualifications (RFQ) for the development of a mixed-use, affordable-housing project on the 14.47-acre Josepho Parcel.

CITY ATTORNEY'S ANALYSIS

The RFQ document has been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that the City Council authorize the issuance of a Request For Qualifications (RFQ) of developers for the development of a mixed-use, affordable-housing project on the City-owned 14.47-acre Josepho Parcel located just east of Mission Avenue and Carolyn Circle.

PREPARED AND SUBMITTED BY:

David L. Manley
Acting Neighborhood Services Division Manager

Peter A. Weiss
Interim City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

Margery M. Pierce, Neighborhood Services Director

Attachment: Josepho Site RFQ

TO: OCEANSIDE CITY COUNCIL
FROM: HOUSING COMMISSION
RE: RFQ – JESEPHO PARCEL
DATE: MARCH 27, 2007

THE HOUSING COMMISSION RECOMMENDS THAT THE CITY COUNCIL ISSUE A REQUEST FOR QUALIFICATIONS FOR THE DEVELOPMENT OF A MIXED-USE, AFFORDABLE HOUSING PROJECT ON 14.4 ACRES (JESEPHO PROPERTY – MISSION AVENUE).

THE HOUSING COMMISSION TO REVIEW AND MAKE A RECOMMENDATION ON THE APPLICATIONS RECEIVED FROM THE RFQ.

CAMP	YES
COOPER	YES
FARMER	YES
HUSKEY	YES
MEYER	YES
OLINSKI	YES
PARKER	YES
SORENSEN	ABSENT

ALTERNATES

SAIZ	ABSENT
DAVIS	YES

REQUEST FOR QUALIFIED (RFQ) DEVELOPMENT TEAMS

MIXED USE, AFFORDABLE FAMILY HOUSING DEVELOPMENT

JOSEPHO SITE

OCEANSIDE, CALIFORNIA

ADVANCE WRITTEN QUESTIONS DUE BY: 5:00PM, PDT, MAY 18, 2007

FINAL RFQ SUBMITTALS DUE BY: 5:00PM, PDT, JULY 19, 2007

Ms. Margery Pierce
Director
City of Oceanside
Neighborhood Services Department
300 North Coast Highway
Oceanside, CA 92054

RFQ Issuance Date: April 19, 2007

REQUEST FOR QUALIFIED (RFQ) DEVELOPMENT TEAMS

MIXED USE, AFFORDABLE FAMILY HOUSING DEVELOPMENT

JOSEPHO SITE

OCEANSIDE, CALIFORNIA

Table of Contents

I. Introduction 1

A. Agency and Agency Goals 1
B. Developer Role 2

II. The Josepho Development Site 3

III. Developer Selection Process 4

IV. Standards to Select the Developer 5

V. Information Requirements for Submission 6

VI. Architect Submission Requirements 12

VII. Civil Engineer Submission Requirements 13

VIII. Selection Process and Criteria 14

IX. Submission Procedures 15

Attachments:

Exhibit A - Site Description
Exhibit B - Site Map
Exhibit C - Candidate's Certification Form
Exhibit D - List of Developers Receiving the Josepho RFQ

REQUEST FOR QUALIFIED (RFQ) DEVELOPMENT TEAMS

MIXED USE, AFFORDABLE FAMILY HOUSING DEVELOPMENT

JOSEPHO SITE

OCEANSIDE, CALIFORNIA

I. INTRODUCTION

The Agency of Oceanside/Redevelopment Agency/Housing Authority (jointly referred to a "Agency") issues this Request for Qualified Development Teams (RFQ) to select a development team to design, finance and build an affordable family rental housing and mixed-use development on an Agency-owned, 14-acre site located in the 3200 block of Mission Avenue and 3206 Carolyn Circle, in the Agency of Oceanside ("Josepho Site") (Exhibit A).

The Agency intends that development on the Josepho site will include up to 200 units of Low Income Housing Tax Credit-financed rental housing for families. The developer may propose market-rate owner or rental housing, commercial and/or mixed use development for the remainder of the site. The site layout and design will be determined through a collaborative design process with Agency staff and community neighbors, within the parameters established by allowable densities, height limits, parking, vehicular access, soils conditions, and other development requirements of the site. The Agency owns the Josepho site.

A. Agency and Agency Goals

The goals of the Agency are to maximize the payment the Agency receives for the land and to minimize or eliminate the financial gap for development of the affordable family rental units, while creating a high quality mixed-use or mixed-income development compatible with the surrounding neighborhood.

The Agency expects leveraged financing for the Josepho development to include funding from the 9% or 4% Low Income Housing Tax Credit program (Tax Credits), the Affordable Housing Program of the Federal Home Loan Bank of San Francisco (AHP), Proposition 1A School Fee Reimbursements, if available, Proposition 1C Housing Bond funds, and/or other funding sources for affordable family housing, as available. The Agency expects the selected development team to work diligently with Agency staff and the community to design an appropriate, cost-effective, energy-efficient, affordable family rental housing development. The selected team must propose a recommended schedule to prepare a 9% low income housing tax credit application to TCAC no later than the second round of application period in 2008. The successful developer will be required to submit at least three consecutive applications to the California Tax Credit Allocation Committee (TCAC) for an allocation of 9% Low Income Housing Tax Credits.

When complete, the Josepho affordable family rental housing component of the development will likely include utility and storage areas, recreational facilities and other appropriate site amenities required for a competitive application for Federal and State Tax Credits. The final development program will be completed by the selected developer in collaboration with the Agency. It is anticipated that this portion of the development will require no more than eight acres of the entire site.

The Agency expects the remainder of the site to be developed in an efficient matter with uses compatible with the affordable housing and surrounding properties. The Agency is looking for an economically feasible proposal for the remainder of the site that will maximize the land price on the balance of the parcel. Residential densities for the affordable family rental housing component and the remainder of the site should not exceed 25 units per acre. A zone change will be required.

The affordable housing development and balance of the site may have separate legal descriptions and financing structures or proceed as a single development, if the developer believes a single development is feasible and preferred from market, lender and investor perspectives.

The Agency will enter into an Exclusive Negotiating Agreement (ENA) with the selected developer (or joint venture development team), providing time and performance requirements for the Agency and the developer to negotiate a Development and Disposition Agreement (DDA). The DDA will stipulate all responsibilities of the developer and finalize all business terms between the Agency and the developer concerning development of the Josepho site.

B. The Developer Role

The Agency seeks an experienced and capable developer, or joint venture of several development entities, to carry out the following roles in the development of the entire Josepho site:

- Work in collaboration with Agency and Agency staff and their consultants on the proposed development program, site layout and design for the site, incorporating up to 200 units of affordable tax credit family rental housing financing and other uses proposed by the developer.

- Work with the community and the Agency's Housing Commission to gain public support for the Josepho development. It is expected that the development team will host a series of public community design workshops to ensure that the development program and design are compatible with the community. Conduct all studies necessary to secure entitlements for the Josepho site.

- Secure all City of Oceanside development review approvals, including Specific Plan approval, and other required entitlements for the Josepho development.

- Work in collaboration with Agency staff and their consultants on all aspects of development financing, construction, lease-up and management of the site.

- Assemble the development team, consisting of the architect, civil and structural engineer(s), general contractor, property management firm and/or marketing/leasing firm(s) (as appropriate), and others as needed. Key members of the team will be subject to separate Agency review and approval, including the general contractor and property management entity.

- Secure financing required to construct and operate the Josepho development.
- As applicable, provide financial guarantees to construction and permanent lenders and the Agency. Provide net worth, operating deficit and credit adjuster guarantees to limited partners, as appropriate. The terms and conditions of the construction and permanent loans for the development will be subject to Agency approval.
- If syndicated under the Tax Credit program, secure a limited partner investor. The Agency will approve the terms of the partnership agreement, including pricing, pay-in schedule, option agreement, general partner asset management fee, cash flow distribution, and other provisions material to the Agency's interests. The Agency will require the developer to bid construction and permanent debt and equity to maximize leverage of Agency funds.
- Own and operate the Josepho affordable rental development directly, or if syndicated under terms of the Tax Credit program, serve as managing general partner of a limited partnership or managing member of a limited liability corporation for the project. The selected developer may directly manage the properties, or contract with a professional property management firm. The Agency will reserve the right to approve the property management entity and management plan.
- Provide resident services for the tax credit rental housing. The developer will be expected to consult with and work in collaboration with Josepho residents to prioritize and seek funding sources for resident services.
- Secure and maintain annual property tax exemptions for all qualifying rental units in compliance with California Revenue and Tax Code Section 214(g). The Agency expects a nonprofit 501(c)(3) managing general partner or LLC managing member during the 15-year Low Income Housing Tax Credit compliance period, and a nonprofit 501(c)(3) owner/operator thereafter, that will maintain material control to qualify under California Board of Equalization requirements and Agency policy goals.

In responding to this RFQ, developers expressly agree not to employ a general contractor firm for the tax credit housing portion of the site with which they have, or have had in the last five years, an ownership or corporate interest.

II. THE JOSEPHO DEVELOPMENT SITE

The Josepho affordable family rental housing site is described in Exhibit A and is illustrated in the map attached as Exhibit B. The Josepho site consists of approximately 14.47 acres (APN 160-270-12) located on Mission Avenue, plus approximately 0.138 acres located at 3206 Caroline Circle (APN 146-061-03).

The Josepho site is zoned IL, but is eligible for rezoning as a mixed-use development with a rental housing density of up to 29 du/acre. The Agency desires to see up to 200 affordable family rental housing units, designed to be competitive to secure 9% or 4% Low Income Housing Tax Credits (and possibly MHP). At a density of 25 dwelling units per acre, this development will require approximately 8 acres of the total site. The land uses for the remainder of the site and the overall site plan have not been determined. The Agency expects the development team to collaborate with Agency staff to identify ultimate development program, site layout and design. Soils conditions, site access and compatibility with the surrounding area are expected to be primary factors affecting this

determination. Oceanside will expect the best of energy-efficiency building designs and technologies.

La Mision Village, a tax credit rental development currently under construction across the street from the Josepho site, had a soils and geology report, which proved valuable to the developer in specifying grading and foundation requirements for the project, which is approximately 27 du/acre. The soils report for the La Mision site as well as soils reports for previously proposed projects on the Josepho Parcel are available for review at Agency offices. Please contact Neighborhood Services Division Manager David Manley at (760)435-3963 to access the reports.

The Agency owns the Josepho site and will provide a land lease, at $1 per year, for the portion of the site required (approximately 8.0 acres) for the tax credit rental development to the developer under terms of a DDA to be negotiated with the selected developer. The selected developer must demonstrate a successful track record in securing and maximizing leveraged subsidy financing for affordable family rental housing development in California. The Agency will require a detailed Financing Plan for the development. The Financing Plan will outline sources and uses during both construction and permanent operating phases of the development. It will identify total development costs, a long-term cash flow, operating reserves, general partner asset management fee, residual receipts sharing with the Agency, funding of reserves, and will limit Agency financial assistance to the development, if any.

The remainder of the site will be sold to the selected developer. The developer shall be required to pay a non-refundable deposit of $500,000 for the balance of the site upon execution of the DDA. The remainder of the purchaser price for the balance of the site will be due in cash upon the earlier of the start of construction of the tax credit housing or the market rate development. In no event will the remainder be less than $2.5 million. The developer shall state the total purchase price ("Market Rate Purchase Price") it commits to pay for the portion of the site that is not dedicated to the tax credit rental housing. Developers will be scored, in part, on the amount of the Market Rate Purchase Price they commit to pay.

III. DEVELOPER SELECTION PROCESS

Following the receipt of responses to this RFQ, the responses of all applicants will be reviewed for completeness. Next, the proposals will be reviewed for all applicants deemed to meet threshold requirements. Those remaining applications will be scored. A panel assembled by the Agency may interview the top respondents. Final selection of the developer will be subject to approval by the full Agency Council.

The selected developer candidate will receive an exclusive right to negotiate (ENA) a DDA for the Josepho site. These negotiations will be conducted with Agency staff, and the Agency's consultant, and brought forward to the full Agency Board for approval. Following approval of the DDA, a general contractor, and property management entity, as appropriate, will be selected on an appropriate schedule. These development team members, and others as appropriate, will be proposed by the selected developer and subject to final approval by the Agency. The Agency will consider requests by the developer to serve the function of property manager. However, such requests will be individually evaluated, and the Agency reserves the right to require that an independent entity be retained as property manager. If syndicated, the Agency will also approve the

identity of the tax credit investor and terms of the limited partnership. The Agency will not allow any degree of common ownership or corporate interest between the developer and the general contractor for the tax credit housing portion of the site.

IV. STANDARDS TO SELECT THE DEVELOPER

The developer candidates participating in this RFQ process will be judged against the following standards:

- Affordable family rental housing development experience, including experience with Low Income Housing Tax Credits, tax-exempt bonds and the State Multifamily Housing Program.
- Experience, success and a verifiable track record in developing all other land uses proposed for the site.
- Capacity to provide financial guarantees to lenders and equity investors, and to the Agency.
- Capacity and certification to make a $500,000 non-refundable deposit upon execution of the DDA for the purchase of the balance of the site not required for the tax credit family rental housing, and capacity and certification to pay the minimum Market Rate Purchase Price of $3.0 million, inclusive of the non-refundable deposit, or a higher Market Rate Purchase Price to which the developer commits.
- Property management experience, track record and capacity.
- Success in securing leveraged financing.
- Success in generating community support for affordable housing developments.
- Organizational and staff capacity and commitment.
- Experience and track record providing quality resident services.
- Experience with green building and energy conservation technologies and techniques.

The Agency will evaluate the proposed sales price for the site. For the tax credit rental development, the Agency will also evaluate the proposed developer fee, property management fee (if managed by the developer) to be stated in $/unit/month, general partner asset management fee, and percent share of project residual receipts after payment of operating costs, including required provision of resident services, if any, must-pay debt service, funding of replacement and operating reserve accounts.

The developer candidates will be evaluated against these standards based on their submittals to this RFQ, reference checks and, if appropriate, interview with the selection panel.

Ultimately, the Agency will select the developer deemed in the Agency's sole discretion to provide the best combination of strengths, experience and Market Rate Purchase Price (See "VII. Selection Criteria" in this RFQ).

V. INFORMATION REQUIREMENTS FOR SUBMISSION

Five (5) bound copies of entity qualifications as detailed below must be submitted. In addition, a sixth, unbound, camera-ready copy of the submission package must be provided.

All required information must be submitted. The Agency will reject any application it deems incomplete based on the information required by this RFQ.

Submissions must include complete responses to the following items, organized by tabs as listed below.

A. General Information/Entire Site

1. The name of the entity (or entities) proposing to act as developer and the corporate or partnership structure of each entity, including primary responsibilities of each entity (e.g. affordable housing versus market-rate).

2. The number of years each entity has been in business.

3. The names and experience of the principal staff from each entity that will be assigned to the proposed Josepho project, together with a certification (guarantee) indicating that these principal staff will be assigned to the Josepho project's development. Enclose résumés or curriculum vitae for principal staff assigned to the proposed project. Please note that as a minimum threshold requirement, the Agency will require at least one of the development entities to satisfy TCAC requirements for maximum general partner experience points under the 2006 Regulations in effect at the date of this RFQ.

4. Signed certifications from the developer(s)' authorized signatory(ies) providing (see Exhibit C):

   - for the development entity responsible for the affordable rental housing, certification that the candidate qualifies for maximum general partner experience points under the 2006 TCAC Regulations and has received no negative points from TCAC since 2003.

   - for the development entity responsible for the affordable rental housing, the candidate's agreement to maintain the Josepho development as affordable rental housing in perpetuity, and in compliance with all applicable regulatory agreements.

- a statement regarding prior bankruptcy and all outstanding judgments, pending or final, against the candidate, individual or any related entity.

- a statement assuring the availability of all principal staff named in the application, including the name of the Project Manager(s) for the candidate.

- a statement that the candidate is willing and able to provide all required financial guarantees and net worth obligations of lenders, the limited partner investor and the Agency.

- a statement that the candidate is prepared to abide by all applicable City of Oceanside policies with respect to the zoning code, design guidelines, and City objectives for local contracting.

- a statement that the candidate will commit to making up to three (3) consecutive applications to TCAC, as necessary to secure 9% Tax Credits to finance development of the site.

Developer candidates must complete the Agency's Certification form (Exhibit C) and include this with their RFQ response to be considered in this developer selection process for the Josepho site. This Certification form must be signed by *duly authorized* signatories representing each member of the proposed development team.

5. Proposed development program and preliminary site plan for development of the entire Josepho site, showing the location of the tax credit rental housing units and other uses proposed by the developer. Detailed description of any other development uses proposed, including office, retail, and/or residential. The proposed development program for these uses should be detailed.

6. Summary of the financial proposal identifying the proposed Market Rate Purchase Price to be paid to the Agency for the remainder of the site. The applicants signed Certification in Exhibit C must state the applicant's commitment to pay a specified Market Rate Purchase Price, in an amount not less than $3 million, for the portion of the Josepho site not required for the affordable family rental housing, as required.

B. Affordable Rental Development

1. Each applicant must submit the name of the proposed property management entity for the Josepho affordable rental development, and the number of years this entity has been in business. If the candidate seeks to serve as both developer and property management Agency, this question must be answered. If the candidate intends to employ contract property management, then the identity and qualifications of that firm will be reviewed and approved by the Agency at a later date. Please note that as a minimum threshold requirement for the developer to serve as property manager, the Agency will require the entity to satisfy TCAC requirements for maximum experience points for property management firms under the QAP Regulations in effect at the date of this RFQ. Candidates interested in serving as property managers must submit the

same documentation as TCAC requires to support a maximum point score in the property management category.

In addition, each applicant must submit the names and telephone numbers of lenders, limited equity investors, local government contacts, and general partners (other than the developer proposing under this RFQ) for three Tax Credit projects that are being managed by the proposed management entity, which have been in operation for at least three years. These references should include a family project similar in size to the Josepho development, which may be readily visited by Agency staff.

2. Each applicant must submit a list of comparable affordable family rental housing developments completed, under construction and/or planned by the developer. Only those projects where the developer served as owner or managing general partner, including responsibilities for property management either directly or through contract with a professional property management firm, will be considered. For each project, please indicate whether the development entity or entities is/are the same as that which is being proposed for the Josepho development.

3. Each applicant must submit a list of comparable affordable family rental housing developments owned and/or managed by the developer. Only those projects where the developer's responsibilities include property management, either directly or through contract with a professional property management firm, will be considered.

   Project descriptions must include the location, number of units, housing type, affordability levels, childcare facilities and other site amenities, bedroom distribution (mix of units by bedroom count), financing sources, development budget, property management agent (name, address and telephone number) and other information deemed relevant by the developer.

4. For each of the three projects, provide information on the number of months needed to obtain lease-up, as required for permanent lending, **and** 100 percent equity investor funding, as applicable. Provide a statement of current occupancy levels, stated as a percentage of total units, for each of the three developments currently owned and/or operated by the developer candidate. State the degree to which lease-up, rents and occupancy levels meet, exceed or fall short of original projections.

5. The selected developer will have a demonstrated track record in securing 9% Low Income Tax Credit project allocations, effective syndication of its projects and competitive equity investments received from limited partner investors.

6. Please submit **three** references from **each** of the following groups <u>for each partner</u>. Please do not provide more than one reference from the same organization for any member of the proposed development team (i.e., *do* provide three references from three different banks, etc.). Please make sure to provide references for each group listed below:

   - lender (construction or permanent)
   - Low Income Housing Tax Credit limited partner investor

- local public Agency that provided financial support for an affordable family rental housing development of the developer
- community group familiar with a specific development
- non-profit joint venture development partner, as applicable

In providing references, please provide name, title, organization address and phone number, and the name of the development with which the reference is familiar.

7. Each applicant must submit a detailed description of a process used to successfully garner community support for development of an affordable housing site during the process of creating both the scope of development and the physical design.

   The plan should include a comprehensive stakeholder identification, outreach, and engagement strategy whereby all affected parties are engaged early and often in the creation of the scope of development and physical design.

   The plan should include use of interactive workshops and meetings including a description of the process and desired outcomes for each major public meeting. A timeline of the community participation process should also be included.

   The plan should also include a detailed description of the Architect's experience and success in designing comparable projects, and gaining community support.

8. Each applicant must submit a description of resident service programs offered at developments owned and/or managed by the developer. This description should be provided for each development, as applicable, indicating the duration and funding source for each program. Additionally, candidates should include preliminary concepts, including potential funding sources, for supportive resident services programs at the Josepho site.

9. The most recent audited financial statement for the developer (all partners), and all proposed affiliated organizations must be submitted, including audited financial statements for 2004 and 2005 for the developer (all partners) and all proposed affiliated organizations. A statement of financial condition for 2006 for the developer (all partners) and all proposed affiliated organizations must be submitted if an audited financial statement for 2006 is not available at the date of submission. This statement should show current obligations, guarantees, contingent liabilities or other financial commitments that restrict the entity from providing completion guarantees, net worth requirements for syndication, operating deficit and Tax Credit recapture guarantees of limited partner investors, and guarantees that may be reasonably required by the Agency. If an individual person or persons is/are proposed to offer financial guarantees, audited financial statements or personally signed financial statements are required in addition to that of the developer.

10. Each applicant must provide a description of any interlocking ownerships the entity (for each member of the proposed developer team) might have with contractors, management companies or other contractors or consultants that might be involved in the project, and a description of how these services might be used for the project. An ownership or corporate interest between the developer and the general contractor will not be allowed.

11. Each applicant must submit a listing of current projects in the entity's development pipeline, including pre-development, construction, and lease-up activities underway. These developments should include the location, size, timeline and financial guarantees expected to be required of the developer.

12. If the development entity for the affordable rental development will be a joint venture, please submit a joint venture agreement specifying the roles, responsibilities, time of performance, fee sharing, compensation, and other material responsibilities between the joint venture partners, if applicable. Specifically, the joint venture agreement must provide for clear, non-redundant roles of each joint venture partner. The joint venture agreement should further specify which joint venture partner will be responsible for providing the construction loan guarantee, operating deficit and credit adjuster guarantees to limited partner investors, net worth requirements for affiliate non-profit general partner organization(s) formed to syndicate the project with Tax Credits, permanent loan guarantees to the first position lender and Agency, as required.

    The joint venture agreement should further specify the dollar amount and/or percentage of developer fee, construction management fee (if any), operating deficit guarantee fee, funded net worth obligations of the affiliate non-profit general partner, cost sharing of all pre-development expenses, contractor overhead, profit and general conditions (if appropriate), as well as any other financial agreements between the venturers. The joint venture agreement should further identify which venturer will maintain the option to re-purchase the property from the limited partner investor upon dissolution of the partnership, if development proceeds under the Tax Credit program. The joint venture agreement should specify what period of time the partner providing any or all financial guarantees as required by lenders and investors will remain obligated by the partnership to continue to provide net worth or other guarantees. A letter of intent may suffice for a joint venture plan, as long as it contains the items specified in this paragraph, and is signed by authorized signatories of each joint venture partner.

13. Each applicant must submit a proposed schedule for the Josepho affordable rental development, including entitlements, date of application to TCAC for 9% Tax Credits, approval of the Specific Plan, selection of general contractor, building permits, date of Affordable Housing Program application round, financing commitments, groundbreaking, construction, occupancy, lease-up.

14. Applicants must provide initial letters of willingness from lenders to provide construction and permanent loans in the amounts estimated by the developer to be necessary for the Josepho affordable rental development, and stating their willingness to accept the candidate's construction, completion, tax credit recapture, net worth, and operating deficit guarantees for the Josepho affordable rental development.

15. Each applicant must submit a pro forma financial analysis for the affordable rental development, clearly stating all assumptions. Identify all proposed forms of developer compensation, including predevelopment expenses requested to be reimbursed by the Agency, if any, prior to closing the construction loan, developer fee, residual receipts cash flow share/percentage, general partner asset management fee (annual), property management fee, if developer is proposing to serve as property manager, stated as $/unit/month.

C. Market-Rate Development

1. Applicants must submit a list of comparable developments completed, under construction and/or planned by the developer. A sample of five comparable projects is adequate. Developments should be comparable in land uses, density, construction type and other characteristics. Only those projects where the developer served as owner or managing general partner will be considered. For each project, please indicate whether the development entity or entities is/are the same as that being proposed for the Josepho development.

   For each project included, applicants must include, to the extent time and cost overruns occurred, or lease-up and/or sales absorption schedules were not met, a description of the reasons for such overruns and delays.

2. If market-rate rental residential development is proposed, provide information for comparable projects on the number of months needed to obtain lease-up, as required for permanent lending, and 100 percent equity investor funding. Provide a statement of current occupancy levels, stated as a percentage of total units, for each development currently owned and/or operated by the developer candidate. State the degree to which lease-up, rents and occupancy levels met, exceeded or fell short of original projections. If market-rate for sale housing is proposed, provide information on the number of months needed to sell all units in the comparable developments submitted with this application.

3. Please provide **three** references from **each** of the following groups <u>for each partner</u>. Please do not provide more than one reference from the same organization for any member of the proposed development team (i.e., *do* provide three references from three different banks, etc.). Please make sure to provide references for each group listed below:

   - Lenders: (construction and, if appropriate, permanent: three each)
   - equity investor or mezzanine lender (if applicable)
   - architect
   - general contractor
   - local public agency for the jurisdiction in which the project is located

   In providing references, please provide name, title, organization address and phone number, and the name of the development with which the reference is familiar.

4. Please provide the most recent audited financial statement for the developer (all partners), and all proposed affiliated organizations, including audited financial statements for 2004 and 2005 for the developer (all partners) and all proposed

affiliated organizations. A statement of financial condition for 2006 must be provided if an audited financial statement for 2006 is not available at the date of submission, for the developer (all partners) and all proposed affiliated organizations. This statement should show current obligations, guarantees, contingent liabilities or other financial commitments that restrict the entity from providing completion guarantees, net worth requirements for syndication, operating deficit and Tax Credit recapture guarantees of limited partner investors, and guarantees that may be reasonably required by the Agency. If an individual person or persons is/are proposed to offer financial guarantees, audited financial statements or personally signed financial statements are required in addition to that of the developer.

Audited financial statements should be provided in a separate envelope marked "confidential" and shall be reviewed only by Agency staff and its consultants and will not be made public.

5. Please provide a description of any interlocking ownerships the entity (for each member of the proposed developer team) might have with contractors, management companies or other contractors or consultants that might be involved in the project, and a description of how these services might be used for the project.

6. Please provide a listing of current projects in the entity's development pipeline, including pre-development, construction, and lease-up activities underway. These developments should include the location, size, timeline and financial guarantees expected to be required of the developer.

7. Each applicant must submit a proposed schedule for the Josepho market-rate development, including entitlement process, selection of general contractor, building permits, financing commitments, groundbreaking, construction, occupancy, lease-up or sales period.

8. Applicants must supply initial letters of willingness from lenders, and equity investors/mezzanine lenders, as appropriate, to provide construction financing in the amounts estimated by the developer to be necessary for the market rate component of the Josepho development.

9. Please provide letters from a recognized construction lender, and, if applicable, investor, stating their willingness to accept the candidate's construction and completion guarantees.

10. Each applicant must submit the developer's proposed Market Rate Purchase Price, to be no less than $3.0 million, inclusive of a non-refundable $500,000 deposit due and payable upon execution of the DDA.

VI. ARCHITECT SUBMISSION REQUIREMENTS

Candidates are required to submit the qualifications of the architectural firms they proposed to use for the Josepho development. The following information must be submitted:

- Name of Firm
- Address, Phone, Fax Email and Website Address

- Listing of all affordable rental housing and mixed use developments designed by the firm in the last five years
- Three references, listing name, affiliation, phone number and email address for EACH of the following:
    - Developers
    - General contractors
    - Structural engineers
    - Public Agency staff
    - Construction lenders
    - Firm Resume

The Agency will review the qualifications of the proposed Architect, and approve or disapprove the Architect as part of the selection process. Candidates are strongly encouraged to select an architect with a strong and established track record in affordable family rental housing design. The architect should be expertly familiar in working under the requirements of the tax credit program. The architect should also have a demonstrated track record of working collaboratively with neighborhood groups and representatives to secure support for affordable family rental housing.

The Architect should be skilled and experienced in the type(s) of development proposed for the balance of the Josepho Site.

VII. CIVIL ENGINEER SUBMISSION REQUIREMENTS

Candidates are required to submit the qualifications of the civil engineering firm they propose to use for the Josepho development. The following information must be submitted:

- Name of Firm
- Address, Phone, Fax, email and website address
- List of all rental housing and mixed use developments designed by the firm in the last five years
- Three references listing name, affiliation, phone number and email address for EACH of the following:
    - Developers
    - General contractors
    - Architects
    - Public Agency staff
    - Construction lenders
    - Firm Resume

A narrative describing the civil engineer's proposed approach to identifying and resolving site challenges should also be submitted. Specifically, this narrative should address the engineer's approach to value engineering site work to simultaneously meet the development requirements of the site and to do so in the most cost beneficial fashion.

The Agency will review the qualifications of the proposed civil engineer, and approve or disapprove the engineer as part of the selection process. Candidates are strongly encouraged to select an engineer with a strong and established track record in affordable family rental housing design, and with familiarity and experience in working with Oceanside. The engineer should be expertly familiar in working under the requirements of Oceanside.

Respondents, and their proposed civil engineers, are encouraged to review the soils report for the La Mision project on file with the Agency.

VIII. SELECTION PROCESS AND CRITERIA

As noted above, selection of the Developer for the Josepho site pursuant to this RFQ will be conducted as follows:

1. Screening applications for completeness. Only those applications deemed complete will be further reviewed.
2. Screening of applications for satisfaction of threshold developer qualifications, as listed below.
3. Ranking of qualified applicants against selected scoring criteria.
4. Interview, if needed.
5. Selection of Developer to negotiate ENA.

A. Minimum Developer Qualifications

The Agency has established the following threshold requirements for all respondents:

1. Maximum experience points for low income housing project managing general partner/managing member under TCAC QAP in effect as of the date of this application;
2. If applicant proposes to serve as low income housing tax credit property management agent, maximum experience points for property management under TCAC QAP in effect as of the date of this application;
3. Commitment and capacity to pay the minimum Market Rate Purchase Price of $3.0 million for the portion of the Josepho site that is not required for the affordable family rental housing development.
4. Commitment to maintain in perpetuity the affordable rents in the tax credit family rental development.
5. Qualification for the general welfare property tax exemption under California Revenue and Tax Code Section 214(g).
6. The developer responsible for the market-rate component must have a verifiable track record of at least three comparable developments with similar land uses and characteristics.

The judgment as to whether applicants satisfactorily meet the threshold qualifications will be at the sole and absolute discretion of the Agency.

B. Scoring of Qualified Applications

Applicants meeting threshold developer qualifications as defined above will be scored according to the criteria below. Top-scoring candidates may be selected for an interview with the Selection Committee. The Agency in its sole discretion may select a developer based on submissions only. Interviews may not be conducted.

1. Completeness of Application

Applicants must submit all required elements. All certifications must be signed by an authorized agency of each development partner submitting. Failure to submit any of the required information is grounds for rejection of any RFQ response. The Agency reserves the right to reject incomplete applications.

2.	**Development Track Record, Tax Credit Rental Housing**	**40 Points**
a.	Track record in completing construction and lease-up on time and on budget.	10 Points
b.	Demonstrated financial capacity to provide lender and investor guarantees.	10 Points
c.	Track record in securing 9% Tax Credits.	10 Points
d.	Positive track record for collaborative negotiations with Public Agency (as demonstrated by referrals).	5 Points
e.	Success at gaining community support for affordable housing projects and remaining sensitive to neighborhood concerns throughout operations.	5 Points
2.	**Development Track Record, Market-Rate Development[1]**	**30 Points**
a.	Track record in completing construction, sale and/or lease-up on time and on budget.	10 Points
b.	Demonstrated financial capacity to provide lender and investor guarantees.	10 Points
c.	Positive referrals.	10 Points
3.	**Operation and Management of Affordable Family Rental Housing**	**40 Points**
a.	Reasonableness of operating costs.	10 Points
b.	Track record of positive cash flow and compliance with regulatory agreements, property reserves and property maintenance standards.	10 Points
c.	Quality and track record of on-site management operations, including program for conflict resolution, highly trained on-site managers that maintain crime-free environments.	10 Points
d.	Quality of social services provided for resident families.	5 Points
e.	Property management proposed fee (if related party) in $/unit/month.	5 Points
4.	**Leverage of Agency Funds/Developer Compensation/Site Proposal**	**45 Points**
a.	Highest Market Rate Purchase Price to be Paid for Remainder of Josepho Site.	20 Points
b.	Appropriateness of Land Uses/Development Program for the Site.	10 Points
c.	Developer Fee for Tax Credit Rental Development.	5 Points
d.	General Partner Asset Management Fee for Rental Development.	5 Points
e.	Residual Receipt Cash Flow Percent Share for Rental Development.	5 Points
TOTAL		**155 Points**

IX. SUBMISSION PROCEDURES

Proposal packages should be submitted to:

Neighborhood Services Department, Housing Division
City of Oceanside
300 North Coast Highway
Oceanside, CA 92054

Attn: David Manley, Division Manager

All submissions must be received at the above address by 5pm, PDT, Thursday, July 19, 2007. Submissions received after this date and time will be returned unopened.

[1] The developer's track record will be judged based on experience in development of the comparable projects with similar land uses, density, construction type and other characteristics.

Questions must be received in writing no later than 5:00 pm, PDT, Friday, May 18, 2007. All questions may be emailed, and should be addressed to Margery Pierce, and emailed to:

Nora Lake Brown
Principal
DRA
nora@draconsultants.com

A copy of each question and its corresponding answer will be sent to all developers participating in this RFQ. The Agency may conduct interviews with the top developer candidates.

The Agency reserves the right to reject any or all proposals. The Agency is not liable to pay or reimburse any costs incurred by the respondents in the development, submission, or review of the RFQ Packages. This includes, without limitation, all costs incurred by the Respondent in its response to this RFQ, in response to any request for information made by the Agency throughout the selection process, in negotiating with the Agency on any matter related to this RFQ, or otherwise, unless specifically agreed to in writing by the Agency.

Exhibit A
Site Description - Josepho Site

Site Identification:

The subject property consists of a 14.47± acre parcel of vacant land. It is located on Mission Avenue, Oceanside, CA 92054

Legal Description:

The subject property is legally described as follows:

Portion of SW ¼ of Section 18, T11s, R4W, City of Oceanside, County of San Diego, State of California

Assessor's Parcel Number: 160-270-12

Owner of Record: City of Oceanside

Access / Street:

The subject property is accessible from Mission Avenue, a two-way, four-lane asphalt-paved street with a center divide.

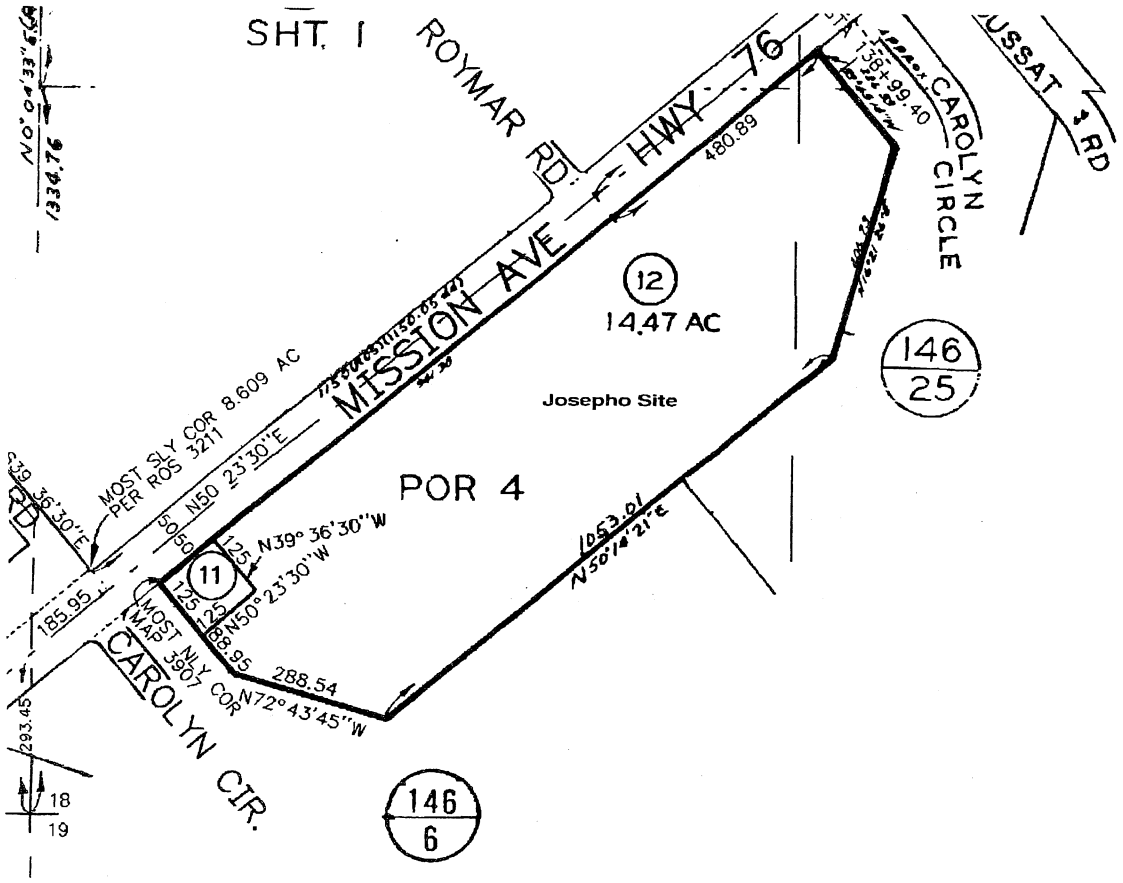
Traffic Count:

Mission Avenue has a traffic count of 21,800 cars per day between Airport Road and Foussat Road. (source SANDAG Traffic Counts, 2003 Data)

Shape and Area:

The subject parcel has an area of 14.47± acres (630,313± SF), and is irregular in shape as shown on the map in Exhibit B.

Exhibit B
Site Map - Josepho Site



THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

Exhibit C
Candidate's Certification Form
Josepho Site

All Candidates for the Josepho site must complete this Candidate's Certification Form. It must be signed by individuals duly authorized to execute such documents by their respective organizations.

Certification Regarding CTCAC Points: The undersigned certify that the organization(s) listed below qualify(ies) for maximum general partner experience points under the 2006 CTCAC Regulations and has(have) not received any negative points from CTCAC since January, 2002. If the development entity serving as managing general partner/managing member for the tax credit housing component of the Josepho also proposes to serve as property management agent, the undersigned also certify that they qualify for maximum property management experience points under the 2006 CTCAC Regulations and have not received any negative points from CTCAC for property management since January, 2002.

Name, Title, Date	Name, Title, Date
Organization	Organization

Agreement to Maintain Affordability: The undersigned agree to maintain the Josepho development as affordable rental housing in perpetuity, and in compliance with all applicable regulatory agreements

Name, Title, Date	Name, Title, Date
Organization	Organization

Outstanding Judgments: The undersigned has/have never had any unfavorable judgments or bankruptcies and are not currently involved in any pending lawsuits or judgment or bankruptcy involving themselves or any entity in which they have been or are now involved

or

The undersigned have attached to this Certification Form a complete description of any and all bankruptcies, unfavorable judgments and/or pending lawsuits involving themselves or any entity in which they have been or are now involved.

_____	_____
Name, Title, Date	Name, Title, Date
_____	_____
Organization	Organization

Market Rate Purchase Price:

The undersigned commit to pay a non-refundable deposit to the Agency of $500,000 upon execution of a DDA between the undersigned and the Agency for development of the Josepho site. The undersigned further commit to pay the balance of the Market Rate Purchase Price of $_____ for the portion of the Josepho site not needed for development of 200 units of affordable family rental housing developed at approximately 25 du/acre. The balance of the Market Rate Purchase Price of $_____ will be paid by the undersigned on the earlier of the start of construction of the affordable family rental housing or the first phase of any market rate development on the Josepho site.

_____	
Name, Title, Date	Name, Title, Date
_____	
Organization	Organization

Availability of Principal Staff: The undersigned will make the following principal staff available through the entire course of development and construction of the Josepho development.

Name, Title, Date	Name, Title, Date
Organization	Organization

Financial Guarantees: The undersigned certify that Candidate is willing and able to provide all required financing guarantees required by construction lenders, tax credit investors, and the Oceanside Redevelopment Agency.

Name, Title, Date	Name, Title, Date
Organization	Organization

Commitment to Make Three Applications to CTCAC: The undersigned certify that the Candidate is prepared to make up to three (3) applications to TCAC, as necessary, to secure 9% tax credits to finance development of the site, unless the Agency/Agency of Oceanside and the Candidate agree in writing that fewer applications are required.

Name, Title, Date	Name, Title, Date
Organization	Organization

Agency and City Policies: The undersigned certify that the Candidate is prepared to abide by all applicable Agency and City policies with respect to the zoning code, design guidelines, Specific Plan requirements, if any, and Agency objectives for local contracting.

Name, Title, Date	Name, Title, Date
Organization	Organization

Exhibit D

List of Developers Receiving the Josepho RFQ

Bridge Housing Development Corporation

Community Housing Works

Enhanced Affordable Development

Fairfield Residential Development

Interfaith Housing of San Diego County

Lewis Homes

Related Company of California

National CORE Housing (SoCal Housing)

Lennar Corporation

McCormack Baron Salazar, Inc.

The Olson Company

USA Properties

Wakeland Housing Development Corporation