ITEM NO. 19

STAFF REPORT

CITY OF OCEANSIDE

DATE: May 7, 2008

TO: Chairman and Members of the Community Development Commission

FROM: Neighborhood Services Department

SUBJECT: **REJECTION OF JOSEPHO SITE PROPOSALS**

SYNOPSIS

Staff recommends that the Community Development Commission (CDC) reject all proposals submitted for development of the Josepho site.

BACKGROUND

In April 2007, the CDC approved the issuance of a Request for Qualifications (RFQ) for development teams to design, finance, and build an affordable family rental housing and mixed-use development on the City-owned 14-acre parcel of land located in the 3200 block of Mission Avenue, commonly referred to as the Josepho site.

The goals of the CDC were to maximize the payment the CDC receives for the land and to minimize or eliminate the financial gap for development of the affordable housing rental units, while creating a high-quality mixed-use development compatible with the surrounding neighborhood. It was expressed that the residential densities for the affordable family rental housing component and the remainder of the site should not exceed 25 units per acre.

ANALYSIS

The RFQ outlined the developer selection process and the standards to select the developer. The developer candidates were evaluated against these standards based on their submittals to the RFQ and reference checks. It is within the CDC's sole discretion to select the development team that will provide the best combination of strengths, experience and market-rate purchase price.

Five proposals were submitted prior to the deadline of July 19, 2007, and an analysis of the five proposals with the following teams was completed:

1. The Olson Company and Bridge Housing
2. USA Properties
3. Lennar and National Community Renaissance (CORE)
4. Pacific Scene Homes and Wakeland Housing
5. Enhanced Affordable Development Company, LLC and Legacy Partners Residential

David Rosen & Associates' evaluation of the proposals included the following steps:

1. Assessment of the proposals for completeness in response to the RFQ
2. Evaluation of financial proposals and pro formas
3. Scoring of affordable housing development proposal
4. Due diligence reference interviews and analysis of selected developers

Subsequently, questions were raised regarding the selection process and what the development proposal should include, particularly density of the market-rate piece. The proposals varied significantly in type, manner, and density with a range from 272 total units to 362 units. Some of the proposals had a mix of affordable apartments with market-rate apartments and others included a home-ownership component. Due to the varying proposals, it became clear that there was confusion regarding the RFQ and the selection process; therefore, staff is recommending that the CDC reject the proposals. Staff and the Housing Commission will review the RFP process and work to establish a revised process to develop a clear vision for the site through input from the community, the Housing Commission, and the CDC.

FISCAL IMPACT

No fiscal impact is anticipated if the CDC rejects the proposals.

COMMISSION OR COMMITTEE REPORT

At its meeting on February 26, 2008, the Housing Commission unanimously recommended that the CDC reject all proposals that were submitted in response to the RFQ/RFP for the Josepho site. The Commission further recommended that if the CDC does not reject all of the proposals, that the proposals be returned to the Housing Commission for interview and recommendation.

CITY ATTORNEY'S ANALYSIS

The CDC has discretion to reject any and all proposals submitted.

RECOMMENDATION

Staff recommends that the Community Development Commission reject all proposals for development of the Josepho site.

PREPARED BY:

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SUBMITTED BY:

Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

TO: OCEANSIDE CITY COUNCIL
FROM: HOUSING COMMISSION
RE: JOSEPHO SITE – RFQ/RFP
DATE: FEBRUARY 26, 2008

THE HOUSING COMMISSION RECOMMENDS THAT THE CITY COUNCIL REJECT ALL PROPOSALS THAT WERE SUBMITTED IN RESPONSE TO THE RFQ/RFP FOR THE JOSEPHO SITE.

THE COMMISSION FURTHER RECOMMENDS THAT IF THE CITY COUNCIL DOES NOT REJECT ALL OF THE PROPOSALS, THAT THE PROPOSALS BE RETURNED TO THE HOUSING COMMISSION FOR INTERVIEW AND A RECOMMENDATION.

CAMP	YES
CHRISTY	YES
COOPER	YES
DAVIS	YES
FARMER	YES
HUSKEY	YES
IGOE	ABSENT - LEFT THE MEETING BEFORE THE VOTE
PARKER	YES
SORENSEN	ABSENT

ALTERNATE
SAIZ ABSENT