TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT
DATE: JULY 22, 2002 CMR:355:02

SUBJECT: RECOMMENDATION TO SELECT EDEN HOUSING, INC AS THE DEVELOPER OF AN AFFORDABLE RENTAL HOUSING PROJECT ON A SITE TO BE SELECTED

RECOMMENDATION
Staff recommends that the City Council approve the selection of Eden Housing, Inc. (Eden) as the developer for an affordable rental housing project on a site to be selected.

BACKGROUND
Given the City Council’s Top 5 priority of affordable housing development, Council authorized the City Manager, on April 2, 2001, to identify a potential affordable housing site for acquisition by the City. In the process of evaluating potential sites, staff determined that a cooperative effort with a housing developer was necessary to do thorough and effective feasibility studies leading to acquisition. The developer and architect’s expertise with site planning is valuable in determining the appropriate housing type, unit mix and sizes on a particular site. In addition, some financing sources suitable for land acquisition costs can only be accessed by the developer itself.

DISCUSSION
Request for Qualification Process: In December 2001, staff issued a Request for Qualifications (RFQ) for an experienced affordable rental housing developer capable of designing, financing, building and operating medium to large affordable rental housing and/or mixed use projects. The RFQ was sent to 19 housing developers, both for-profit and non-profits, specializing in subsidized rental housing. Seven developers, including one for-profit developer, responded by the January 25, 2001 due date with submittals. The list of responding developers and those that attended the interviews is attached.
Selection Process: Interviews were conducted in late February by an evaluation committee composed of Planning and Real Property staff, a representative of the Planning Commission, local housing advocates and a local, market-rate rental housing real estate professional. One responding developer, the Housing Authority of Santa Clara County, withdrew from the selection process prior to the interviews due to changes in its staffing and the need for it to focus efforts on the Opportunity Center project.

All of the developers interviewed were well qualified and experienced. The committee focused on the developers’ past experiences and successes with securing sites in difficult markets; experience with transit-oriented and mixed-use housing; ability to effectively use City housing subsidies; and sensitivity to neighborhood concerns and community processes. The committee closely examined each developer’s staff capacity and availability. Its financial statements were reviewed to evaluate net worth and working capital. Experience with sophisticated financing techniques was also an evaluation factor.

While the evaluation committee was impressed with all six of the developers interviewed, three were recommended to the City Manager as best meeting the selection criteria. The City Manager then discussed with staff the submittals and the interview presentations and responses and concluded that Eden Housing, Inc. should be recommended to the Council for selection. This decision was based on Eden’s:
- Understanding of site control strategies;
- Experience with higher density, transit-oriented and mixed use housing;
- Staffing and financial capabilities;
- Ability to manage community involvement.

RESOURCE IMPACT
There is $50,000 in Commercial Housing In-lieu Funds budgeted for housing site investigations and studies. These funds will be used for Eden’s out-of-pocket costs for architectural services and other consultants to determine feasibility and schematic site plans.

POLICY IMPLICATIONS
This recommendation is consistent with existing Council policy in support of affordable housing activities as a Top Five priority.

TIMELINE
The feasibility study phase is expected to extend three to six months. After control of a site is achieved, then staff will return to Council with a detailed financing plan and Budget Amendment Ordinance and a predevelopment agreement with Eden.

ENVIRONMENTAL REVIEW
The recommended action is not subject to environmental review. Environmental review will be conducted as part of the feasibility work.
ATTACHMENTS
A. List of Responding Developers and Developers Interviewed

PREPARED BY: _________________________________________
Catherine Siegel, Housing Coordinator

DEPARTMENT HEAD REVIEW: _________________________________________
STEPHEN A. EMSLIE
Director of Planning and Community Environment

CITY MANAGER APPROVAL: _________________________________________
EMILY HARRISON
Assistant City Manager

CC: Members of the Evaluation Committee
Eden Housing, Inc.
Peninsula Interfaith Action, c/o Beverley Benson
ATTACHMENT A

LIST OF DEVELOPERS RESPONDING AND INTERVIEWED

1) Charities Housing, Inc.
2) Eden Housing, Inc.
3) First Community Housing, Inc.
4) Housing Authority of the County of Santa Clara (withdrew prior to interviews)
5) Mid-Peninsula Housing Coalition (MPPC)
6) Palo Alto Housing Corporation (PAHC)
7) Simpson Housing Solutions