City of Hawthorne - Request for Proposals

For the Site Purchase and Development of an 18-unit Veterans Rental Housing Development
(Next to 14115 Cordary Avenue Site)

RELEASED: October 23, 2019

DEADLINE: December, 04, 2019

Prepared by:
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INTRODUCTION

The City of Hawthorne ("City"), as housing successor to the former redevelopment agency, is seeking responses from qualified developers to develop a vacant City-owned parcel located at 14115 Cordary Avenue (APN 4051-030-902) ("Project Site") for an affordable housing project for veterans. The Project Site is approximately 40,260 square feet (0.92 acres) and is currently zoned C3-MU (General Commercial – Mixed Use Overlay). The City plans to pursue a General Plan Amendment and a Change of Zone to rezone the parcel to R-3 (High Density Residential) to accommodate the desired project.

With this Request for Proposals ("RFP") the City seeks to engage a highly qualified, experienced, and financially-capable developer that will develop and operate a rental affordable housing project ("Project") comprised of up to 18 units for extremely low, very low and low income veterans. The Project may incorporate a range of unit sizes from studio to 3-bedrooms. Proposals presenting a differing range from that described above will still be considered provided that it meets the extremely low and low income objectives of this RFP and do not exceed the maximum allowed number of 18 units. Proposed projects that maximize the number of extremely low income rental units are strongly encouraged.

To facilitate the proposed 18-unit Veterans rental development as delineated in this RFP, the City expects to donate the Project Site to a chosen developer to develop the desired Project, and offer up to $2.0 million in gap financing in the form of Low and Moderate-Income Housing Asset Funds ("Housing Asset Funds").
See the Evaluation Criteria for the specific selection criteria to be used by the City to evaluate proposals received. Furthermore, applicants under this RFP should explore capital funding opportunities under the County of Los Angeles, State of California, or Federal programs to leverage City financial assistance.

The City intends to enter into an Exclusive Negotiation Agreement (ENA) as a general framework for good faith negotiations concerning the terms and conditions by which the City would ultimately convey its interest in the project through an executed development agreement.

All proposals shall be submitted to the City as described herein no later than 3:00 PM on Wednesday, December 04, 2019. Late or incomplete proposals will not be accepted or considered. See the “Submittal Requirements and Schedule” section for more detailed instructions.
**QUESTIONS & RESPONSES**

All questions must be sent via e-mail to Sheri Loadsman, Interim Director of Planning and Community Development ([sloadsman@cityofhawthorne.org](mailto:sloadsman@cityofhawthorne.org)) with the subject line “Cordary Ave RFP Questions” and with contact information (name, title, company, phone number, e-mail address) for representatives from your organization by or before November 14, 2019.

After that date, questions may not receive a response. A list of the questions and answers will be sent to all participants by November 21. Please send questions to:

Sheri Repp Loadsman  
Interim Director of Planning and Community Development  
City of Hawthorne  
4455 W. 126th Street  
Hawthorne, CA 90250  
Phone: (310)349-2975  
Email: [sloadsman@cityofhawthorne.org](mailto:sloadsman@cityofhawthorne.org)
PROJECT SITE

The Project Site is a vacant parcel that covers 40,260 square feet (0.92 acres) and is currently zoned C3-MU for commercial or mixed commercial and residential uses. The City is processing a General Plan Amendment and Change of Zone to rezone the parcel to R-3 (High Density Residential) to accommodate the desired density of the Project.

<table>
<thead>
<tr>
<th>APN</th>
<th>4051-030-902</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zoning¹</td>
<td>R-3 (High Density)</td>
</tr>
<tr>
<td>Lot Size (AC)</td>
<td>.92</td>
</tr>
<tr>
<td>Lot Size (SF)</td>
<td>40,260</td>
</tr>
<tr>
<td>Maximum Height</td>
<td>22’ Multifamily</td>
</tr>
<tr>
<td>Max Lot Coverage</td>
<td>Multifamily: 60%</td>
</tr>
</tbody>
</table>

¹ Currently zoned C3-MU but will be rezoned to R-3 concurrently with the RFP process.

Please refer to the Hawthorne Municipal Code for more detailed development information and requirements:

Hawthorne Municipal Code

City of Hawthorne Zoning Code:
http://www.cityofhawthorne.org/zoning-information

Development and Design Standards for R-3 Zoning:
http://www.qcode.us/codes/hawthorne/misc/zoning-appendix-b.pdf

City of Hawthorne Housing Element:
http://www.cityofhawthorne.org/general-plan
**PROJECT**

The City wishes to develop the Project Site into an affordable housing project for veterans. The City envisions the Project to be a supportive community that allows residents to transition from different size units and different ranges of affordability as needed. As such, the City will require that development programs include:

- Up to 18 units on the Project Site.
- A range of affordability, varying from extremely low income to low-income units.
- Proposed support services for the veteran residents through a provider with a proven record of success.
- Site plans and unit plans suitable for the targeted population.
- Project enhances and complements the surrounding neighborhood.
- Inclusion of common open space designed (minimum of 1,600 square feet) for the use or enjoyment of residents of the development, such as a play area, community garden or other recreational space.

Acceptable projects will include a range of unit sizes, varying from studio units to 3-bedroom units. However, proposals presenting an alternative range of unit sizes than that described above will be considered provided that they meet the extremely low and low income objectives of this RFP and do not exceed the maximum allowed number of 18 units.

**THE NEIGHBORHOOD**

The Project Site is located on the west side of Cordary Avenue, north of Rosecrans Avenue and east of Prairie Avenue and south of Jim Thorpe Park. The San Diego Freeway (I-405) is located one and a half miles to the west and the I-105 is located 2 miles to the north. Hawthorne Airport is two miles north and Los Angeles International Airport is six miles northwest.

The Project Site is situated one block away from Jim Thorpe Park (0.1 miles) and American Legion Post 314 (0.3 miles). Veterans also have convenient access to services provided by the U.S Department of Veterans Affairs (“VA”) as the Project Site is 15 miles from the VA West Los Angeles Medical Center and VA Los Angeles Regional Office.
The Project Site is less than half a mile from Jefferson Elementary School, Prairie Vista Middle School, and Leuzinger High School and less than 2 miles from public amenities such as City Hall, Hawthorne Police Station, Hawthorne Public Library, Lawndale Public Library, and Hawthorne Senior Center. Numerous dining and retail establishments such as Northgate Market, Subway, Big Lots, El Pollo Loco, and 7-Eleven are within walking distance. The Project Site is located 1.2 miles from a General Hospital and is near Walgreens Pharmacy (0.2 miles), CVS Pharmacy (0.3 miles), and Walmart Pharmacy (1.4 miles).

Exhibit 2: The Neighborhood
FINANCIAL ASSISTANCE

The City understands that the feasibility of the Project may be contingent upon a contribution or loan from the City. Early analysis assumed spending a portion of the City’s housing successor funds on the Project. To facilitate the project, in addition to a land contribution, the City may offer gap financing of up to $2 million in Housing Asset Funds, which is limited to providing housing for households in specific income categories. This spending is limited by Senate Bill 341, Health & Safety Code Section 34176.1(a)(3)(A). Housing Asset Funds may be used on a variety of project development costs but may not be used for maintenance or operation activities. No funds may be spent on households earning more than 80% of the Area Median Income (“AMI”). No more than 20% of the available funds may be spent on households earning 60% to 80% (Low Income) of the AMI and at least 30% of the funds must be spent on rental households earning 30% (Extremely Low) or less of the AMI. All affordable housing units developed with this funding source must be income restricted for at least 15-years for mutual self-help units, 45-years for home ownership units, and 55-years for rental units. If funds are requested, proposals should include an analysis of how the proposed project complies with these legal requirements.

In order to achieve a project that meets the City’s criteria, developers are encouraged at their own volition to combine the City’s contribution of funds with other funding sources such as Low-Income Housing Tax Credits, California Department of Housing and Community Development (“HCD”) funding, Los Angeles County funding, and other gap financing. The following section describes other potential funding sources that could help leverage the Housing Asset Funds.

Other Potential Funding Sources

Additional capital may be available to leverage the City’s resources further. Developers are encouraged to seek additional funding sources, such as:

- 9% Tax Credits
- 4% Tax Credits
- HUD-Veterans Affairs Supportive Housing Vouchers (VASH)
- Veterans Housing and Homeless Prevention Program (VHHP)
- Affordable Housing and Sustainable Communities Program (AHSC)
- Multifamily Housing Program (MHP)
- Project Based Vouchers (PBV’s)
- Mental Health Services Act (MHSA)
THE CITY OF HAWTHORNE

Established in 1922, the City of Hawthorne is located in the South Bay region of Los Angeles County, within close proximity to the downtown Los Angeles and Long Beach job markets (See Exhibit 3). The City of Hawthorne is an urbanized community of 88,500 residents within a six square-mile area. Nicknamed the “Hub of the South Bay”, Hawthorne is well connected to several regional transportation systems, including the Metro Green Line, I-405, I-110, and I-105 freeways.

Hawthorne has a growing population of 88,555 residents, with a veteran population of approximately 2,200. The City’s average household size is 2.9 and median age is 32.7. The City has a median household income of $48,000 and has 31,150 housing units, of which 8,009 (25.7%) are owner-occupied and 21,733 (69.8%) are occupied by renters.
The City’s Housing Element identifies several housing needs based on Hawthorne’s demographics and housing stock. According to the Housing Element, the City of Hawthorne experiences housing issues related to overpayment, overcrowding, and accommodation of special needs. More specifically, these needs include (among others):

- recognizing that there is a concentration of extremely low income and very low-income households that have a housing problem (income to housing cost ratio of 30% and above); and
• recognizing that there is a concentration of households living in overcrowded conditions.

The housing need is even more significant amongst the veteran population, as many veterans face significant challenges securing employment and stable housing throughout their transition to civilian life. According to the Los Angeles Homeless Service Authority, there are over 3,800 veterans and family members experiencing homelessness in the Greater Los Angeles area. In addition to those experiencing homelessness, many veterans have a severe housing cost problem. With this Project, the City seeks to increase the affordable housing stock available to veterans and their families to lighten the housing cost burden that many veterans face.
SELECTION CRITERIA AND DEVELOPER RESPONSIBILITIES

Submittals will be evaluated based upon, but not limited to, the following criteria.

- Demonstrated understanding of the Project and responsiveness to the RFP;
- Expertise and experience of the development entity and team in developing and operating similar high-quality affordable housing projects for veterans in the Los Angeles market area;
- Completeness and competitiveness of proposed financial structure and project cost estimate identified in the preliminary development pro forma;
- Estimated contribution required of the City and leverage of requested City funding with other funding sources;
- Readiness of the successful developer to enter in a development agreement and complete the project in a timely manner.
- Financial and organizational capacity of the team to successfully complete the project, including the ability to secure financing and leverage other funding sources to build the highest quality housing project; and
- Examples of similar high-quality veteran and affordable housing projects that were completed in a timely manner, including project descriptions, site plans and renderings/photos, affordability profile, management and tenant services arrangements, timelines, and total development costs.

Subsequent to review of written submittals, the City may conduct interviews. If the City opts to do this, identical questions will be prepared and distributed to each applicant to be interviewed, as well as questions that are customized for each applicant. Each applicant’s demonstrated experience, qualifications, completeness, clarity, communication, and professionalism as demonstrated through its oral presentation and answers to questions will be used in ranking teams in order of preference. The City reserves the right to require evidence of managerial, financial, or other abilities prior to award of the contract.
DEVELOPER RESPONSIBILITIES

Once selected, the developer will be responsible for completing the conceptual development plan in a timely manner. A general description of the developer’s responsibilities includes, but is not limited to, the list below:

- **Site Plan.** Development entity shall work with City staff to create a Project Site development concept. The site plan will identify means of livability, neighborhood compatibility, and sustainable development and operations.

- **Project Financing.** The developer shall be responsible for securing financing for the project’s hard-costs and soft-costs in a preliminary development pro forma. Once the Project Site development concept has been accepted by the City, the development entity will then prepare development and operating budget proposals. Depending upon the mix of construction and permanent financing, the budget may need to incorporate prevailing wages for on-site construction work. The developer is responsible for providing detailed project cost estimates and evidence of financing during the Exclusive Negotiation Agreement (ENA) phase.

- **Gap Financing.** Developers can combine Housing Asset Funds with other funding sources such as tax credits and gap financing proceeds. The developer will be responsible to seek out gap financing sources that will help improve the project’s feasibility.

- **Project Entitlements.** The developer is responsible for securing entitlements and payment of required fees. The entitlements include, but are not limited to, project-level environmental review, design and site plan review, completion of building plan check process, acquisition of all required permits, and payment of all applicable development fees. The City anticipates that the project entitlement responsibilities will be addressed during the Exclusive Negotiation Agreement (ENA)/Disposition and Development Agreement (DDA) phase.

- **Policy and Legal Compliance.** The developer will be required to comply with all Federal and State Laws, and all City codes, permits, and fees.

SUBMITTAL REQUIREMENTS

All responses to this RFQ must be received by the City as described in this RFP on or before 3:00 PM on Wednesday, December 04, 2019. Fax or electronic transmittals will not be accepted. Please overnight...
mail or hand-deliver three (3) printed copies and one (1) electronic copy on a USB drive to the address below. The proposals shall be signed by an authorized official of the firm and the City reserves the right to reject any and all proposals. The City assumes no responsibility for delays caused by delivery service. Postmarking by the due date will not substitute for actual receipt. All submittals shall be addressed to:

Paul Jimenez, City Clerk
City Clerk Office
City of Hawthorne
4455 W. 126th Street
Hawthorne, CA 90250

The City reserves the right to waive any irregularity, informality, or technicality in the proposals if determined to be in the City’s best interest. The issuance of and response to this RFP is not a guarantee of award of funds or that the City will proceed with a project. There is no reimbursement for costs associated with responding to this RFP.

IMPORTANT: Contents of each proposal shall include the following.

**INITIAL DESIGN CONCEPT**

Provide the Project Site development concept. Identify your firm’s vision for this development and how it would fit into your firm’s overall business strategy. Proposals should illustrate the firm’s understanding of Hawthorne, the local community, and the importance of a development project at the Project Site. Applicants shall comply with the City approved Development Code and applicable local modifications.

**DEVELOPER IDENTIFICATION**

Identify the development entity’s name, street address, mailing address, telephone number, and e-mail address. Specify the legal form of the organization (e.g., corporation, partnership, joint venture, other), and identify persons with the authority to represent and make legally binding commitments for the development entity.

Provide a narrative that details whether your firm develops, or develops and operates, affordable housing complexes for veterans. Provide a narrative statement describing all entities responsible for the development and management of the project (including service providers if applicable).
Include information on each firm’s role in the project, and experience working together on previous projects. Also, note which firm will be the project lead. Please describe the firm’s specialization.

Identify other members of the development team including architects, engineers, contractors, financial or equity partners, lenders, and any known participating developer entities. Provide relevant experience for each team member, a description of his or her previous projects, and their role in the cited projects and this proposed project.

**DEVELOPER EXPERIENCE AND QUALIFICATIONS**

Provide descriptions for at least three (3) previously completed projects similar to the proposed project and their respective locations. Include project timelines, showing all pertinent dates of the project development. Include all funding sources utilized for the project. Provide the name of the jurisdiction, contact person, and telephone numbers of project references (private and/or public sector) and the approximate amount of funding received for each project described. Respondent must have no record of unsatisfactory performance with the City or with any other jurisdictions that have contracted with or provided funding. References may be contacted as a part of the selection process, and will be asked to comment on work quality and performance.

Please describe your experience operating and providing supportive services for Veterans housing projects.

**FINANCIAL STRUCTURE AND FINANCIAL CAPACITY OF DEVELOPER**

Submittals to this RFP must demonstrate that the development firm has the financial capacity and willingness to carry out the proposed project and to initiate development within 12 months of completing the DDA. Submittals should include the following information:

- Identify the team’s capacity to secure the equity and financing required to construct and operate the proposed development. Include the developer or related entities’ financials and holdings.

- Provide pro forma and identify the potential amount of gap financing required and the gap financing resources related to underwriting the cost of development and operations. Identify the amount of Housing Asset Fund assistance requested from the City. Define the firm’s experience with securing the other sources of gap financing that may be used for the project.
• Include a statement detailing whether the development entity, or any of the named individuals on the development team, ever filed for bankruptcy or had projects that have been foreclosed. If yes, please list the dates and circumstances.

The City recognizes the sensitive nature of the financial information requested in this RFP. Therefore, such information may be submitted under separate cover and labeled “Confidential.” This information will be used solely for purposes of evaluation and will be kept confidential to the fullest extent allowed by law. Confidential records may be returned to those not selected, if requested.

**EVALUATION CRITERIA**

The City will evaluate each proposal and determine whether the applicant is qualified to perform the work detailed in this RFP. The City reserves the sole right to judge the contents of the proposals submitted pursuant to this RFP and to review, evaluate, and select any or no applicants.

**Experience with Veterans Housing and Affordable Housing Projects of Similar Scale – 30%**

The developer and its team will be evaluated on their background, experience, management of rental housing and overall capacity to develop the project. *Priority will be given to a 501(c)3 organization* or a public corporation, commission or authority.

**Level of Affordability – 25%**

The developer and its team will be evaluated on their development program. Development programs with the greatest level of affordability will be given preference.

**Project Design and Community Benefit – 15%**

The Project will be evaluated on features that enhance and complement the surrounding neighborhood, offers on-site tenant amenities suitable for the targeted veterans population.

**Leverage of City Funds – 15%**

The developer and its team will be evaluated on their ability to secure financing and leverage other funding sources to build the highest quality Veterans housing project.
Service Providers – 15%

The proposer will be evaluated on its experience and ability to operate affordable Veterans housing projects and provide quality supportive services with a proven record of success.

SCHEDULE

All proposals submitted in response to this RFP will be reviewed and evaluated based on the information contained in the respective responses, an investigation of the developer’s past projects and performance, and other pertinent factors. The City will prepare an analysis of all proposals depending upon the number and quality of responses. In addition, the City may request to interview a limited number of finalists. The City reserves the right to request additional information as deemed necessary and appropriate. The City will select one developer with whom to enter into an ENA. If negotiations are successful, the City and developer will enter into a DDA to develop the Project Site. The nature of the ENA and DDA will depend upon the entity that is selected as well as the type of City assistance (if any) that is negotiated.

The selection process is expected to take approximately 2 months as outlined below. Please note the schedule may be altered at the City’s discretion.

<table>
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<tr>
<th>Activity</th>
<th>Date</th>
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<tbody>
<tr>
<td>RFP Issued</td>
<td>October 23, 2019</td>
</tr>
<tr>
<td>Last Day for City to Respond to All Questions</td>
<td>November 21, 2019</td>
</tr>
<tr>
<td>Submittals Due</td>
<td>December 4, 2019</td>
</tr>
<tr>
<td>Developer Selection (tentative)</td>
<td>December 19, 2019</td>
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DISCLAIMERS

By submission of a proposal, the bidder represents that it and any subsidiary, partner or affiliate will not discriminate against any individual for housing because of race, religion, sex, color, national origin, sexual orientation, ancestry, marital status, physical condition, pregnancy or pregnancy-related conditions, political affiliation or opinion, or medical condition. This requirement and other requirements pursuant to California law will be part of all contracts and agreements.
This solicitation does not commit the City to award a contract, to pay any cost incurred with preparation of the proposal, or to procure or contract for services or supplies. The City reserves the right to accept or reject any or all submittals received in response to this request, to negotiate with any qualified source, request additional documentation, or cancel in whole or part this process in its sole and absolute discretion. Subsequent to negotiations, prospective consultants may be required to submit revisions to their proposals.

False, incomplete or unresponsive statements in connection with the developer’s submission may be sufficient cause for rejection. The City reserves the right to postpone selection for its own convenience, to withdraw this Request for Proposals at any time, and to reject any and all submittals without indicating any reason for such rejection. As a function of the Request for Proposals process, the City reserves the right to remedy any technical errors in the response to the Request for Proposals and modify the published scope of services. The City reserves the right to request that specific personnel with specific expertise be added to the team, if the City determines that specific expertise is lacking in the project team. Proposals and other information will not be returned.

The City reserves the right to abandon the Request for Proposals process and/or change its procurement process for the contract at any time if it is determined that abandonment and/or change would be in the City’s best interest. The City will not be liable to any contractor for any costs or damage arising out of its response to the Request for Proposals.