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)

September 8, 2020

Prepared for:

City of Hawthorne

Prepared by:

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# Table of Contents

Section 1  Introduction...........................................................................................................1

Section 2  Project Site, Project, Location and Funding Sources .................................3
2.1 Project Site.................................................................................................................3
2.2 Project.......................................................................................................................4
2.3 Location ....................................................................................................................4
2.4 Funding Sources .......................................................................................................5
2.5 The City of Hawthorne.............................................................................................6
2.6 Community Housing Need ......................................................................................7

Section 3  Submission Requirements.............................................................................9
3.1 Identification .............................................................................................................9
3.2 Experience ...............................................................................................................9
3.3 Initial Design Concept ............................................................................................9
3.4 Pro Forma .................................................................................................................10
3.5 Certifications ...........................................................................................................10

Section 4  Selection Criteria ........................................................................................11

Section 5  Submission Instructions and Schedule .......................................................13
5.1 Instructions .............................................................................................................13
5.2 Schedule ................................................................................................................13

Section 6  Disclaimers ..................................................................................................14
Section 1  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”). The City is seeking developer proposals for an affordable housing project for veterans at risk of homelessness or are currently homeless. 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. The Project Site is depicted as Exhibit 1 below.

Exhibit 1: Project Site (APN 4051-030-902)

The City seeks to engage a highly qualified, experienced, and financially-capable developer to develop and operate a rental affordable housing project (“Project”) comprised of a maximum 18 units for extremely low, very low and low income veterans. Development proposals that maximize the number of extremely low income rental units are strongly encouraged.
The City may provide subsidies in the form of land or financing for the selected qualified Project.

It is expected that multiple funding sources will be utilized to develop and finance this Project. The City encourages all respondents to maximize State, Federal, and local funding sources to minimize gap funding requests. If Low-Income Housing Tax Credits (“LIHTC”) are not identified as a source of funds, please address how Article 34 compliance will be achieved. Additionally, it is important to note that the City’s Housing Authority is currently in the process of applying for 18 VASH vouchers with HUD and this is the maximum number of vouchers that will be available for this Project. The City will select one project based on the requirements presented under the Evaluation Criteria section of this Request for Proposals (“RFP”).

The City intends to enter into an Exclusive Negotiation Agreement (“ENA”) as a precursor to an executed development agreement.

**All proposals shall be submitted to the City as described herein no later than 3:00 PM on Thursday, October 24, 2020.** 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 Jordan Perez, Analyst, Harris & Associates, at Jordan.Perez@weareharris.com and copy Art Bashmakian, AICP, Interim Assistant Director of Planning and Community Development, City of Hawthorne, at abashmakian@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 September 30th, 2020.

Questions submitted after 5:00 PM on September 30th, 2020 will not be responded to. A list of the questions and answers will be sent to all participants by October 14th, 2020.
Section 2  Project Site, Project, Location and Funding Sources

2.1  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>0.92</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.

The City is aware of Assembly Bill 1763 (passed in 2019) that allows up to an 80% density bonus. However, it is important to note that the scarcity of project-based vouchers through Los Angeles County constrains the unit count on this proposed project as it is anticipated that a maximum of 18 VASH vouchers can be committed to this project.

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

Hawthorne Municipal Code
http://www.qcode.us/codes/hawthorne/index.php?topic=17

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
2.2 Project

It is the City’s intention to facilitate the development of an affordable housing project for veterans that will provide 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 the development include:

- A maximum of 18 units on the Project Site.
- Units with a range of affordability, varying from extremely low income to low-income units.
- Includes supportive services for veteran residents administered by a qualified provider.
- Incorporates creative construction techniques, such as modular construction and/or the use of recycled building materials to reduce project costs. Ideally, the Project will involve the use of sustainable materials and adhere to the highest energy efficiency requirements.
- Site plans and unit plans suitable for 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 OUTDOOR SEATING, COMMUNITY GARDEN OR OTHER RECREATIONAL SPACE.THE NEIGHBORHOOD**

2.3 Location

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. The Hawthorne Airport is two miles north and Los Angeles International Airport is six miles northwest from the Project Site. A map of the area is provided as Exhibit 2 on the following page.

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

2.4 Funding Sources

The City understands that funding gaps are commonplace for affordable housing projects. Therefore, the City may offer gap financing for the selected qualified Project. The funds would be from the City’s Housing Successor fund. State law requires that if gap funding is provided from this fund, all units in the project must be low-income or below. More specifically, any project receiving a subsidy is required to have all units available to households earning less than 80% of the Area Median Income (“AMI”). Furthermore, only 20% or less of the subsidy amount can 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 with recorded covenants for at least 15-years for mutual self-help units, 45-years for homeownership 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.

The City expects developers to combine any potential subsidy 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. If LIHTCs are not identified as a source of funds, please address how Article 34 compliance will be achieved. 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)

2.5 The City of Hawthorne

Established in 1922, the City 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 is an urbanized community of 88,500 residents within a six square-mile area. Nicknamed the “Hub of the South Bay”, the City is well connected to several regional transportation systems, including the Metro Green Line, I-405, I-110, and I-105 freeways.

The City 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.
2.6 Community Housing Need

The City’s Housing Element identifies several housing needs based on its demographics and housing stock. According to the Housing Element, the City experiences housing issues related to overpayment, overcrowding, and accommodation of special needs. More specifically, these needs recognize (among others):

- 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
- 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.
Section 3 Submission Requirements

In order for the proposed Project to be considered, the development proposal must contain all of the following information.

3.1 Identification

1. 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.

2. Identify other members of the development team including architects, engineers, contractors, financial or equity partners, lenders, service providers, and management entities.

3.2 Experience

1. Provide at least two (2) relevant (preferably veterans projects) successfully completed projects for each team member (including service providers and management entities). Highlight experience where all members of the development team worked together to successfully complete the project. Include the following for each project:
   
   a. Description for each project.
   
   b. The entities specific role for each project.
   
   c. Statement describing the entities responsibilities for each project.

2. Provide at least two (2) public agency references for each team member.

   Project Experience within Los Angeles County is preferred.

3.3 Initial Design Concept

1. Identify your firm’s vision for the Project.

2. Provide a detailed site plan.

3. Provide a visual rendering of the Project.
3.4 Pro Forma

Provide a financial pro forma in excel format (electronic and print version). The financial pro forma must include the following:

a. **Sources and Uses** - Specify all sources of uses of funding in great detail.

b. **Construction Budget** – Clearly identify all construction costs by specific line item.

c. **30-year Cash Flow** – Must demonstrate the ability to pay debt service until retired.

3.5 Certifications

Signed certifications from the Developer(s)’ authorized signatory(ies) stipulating:

1. A statement that the candidate is eligible for management general partner experience points, and the proposed property manager is eligible for maximum property manager experience points, under current TCAC Regulations (if tax credits are proposed).

2. A statement regarding prior bankruptcy, all outstanding judgments, pending or final, and ongoing or threatened lawsuits against the candidate, individual or any related entity.

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

4. A statement that the candidate is willing and able to provide all required financial guarantees and net worth obligations of lenders and the limited partner investor.

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

6. Non-collusion affidavit stating no financial contributions to City officials, elected or otherwise, in last five years.

7. Disclosure of all communications with any Hawthorne elected official between date of issuance of RFP and the time of submission of RFP and nature of communication.

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.” If an electronic version is provided, please email the financial information in a separate email with the word “Confidential” in the subject line. 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.
Section 4 Selection Criteria

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

- Demonstrated understanding of the Project and responsiveness to the RFP;

- Initial design concept to provide a visual representation of what the Project will look like and how it will be laid out on the Project Site.

- Expertise and experience of the development entity, including citing at least two (2) similar successfully completed projects of high-quality affordable housing projects for veterans in the southern California market area (LA County is preferred);
  - 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.

- Expertise and experience of the proposed operator of at least two (2) similar high-quality affordable housing projects for veterans in the Los Angeles market area;

- Financial pro forma in excel format (electronic and print version) that includes a 30-year cash flow and demonstrates the ability to pay debt service until retired and specifies all sources and uses of funding in great detail. The pro forma should clearly identify all construction costs by specific line item and demonstrate financial feasibility of a project at affordability levels of 80% of AMI and/or below at a maximum of 18 units. Development proposals that either do not include the electronic and print versions of the pro forma or contain a pro forma analysis that does not clearly provide all of these elements will render the proposal as disqualified.

- Estimated funding gap request;

- List of funding sources;

- Readiness to enter in a development agreement and complete the project in a timely manner; and

- 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.
After the submission due date, the City may choose to 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.

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 developer 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.
Section 5 Submission Instructions and Schedule

5.1 Instructions

All responses to this RFP must be received by the City as described in this RFP on or before 3:00 PM on Thursday, October 24, 2020. An electronic transmittal will be accepted in addition to three (3) printed copies and one electronic copy on a USB drive via overnight mail or hand-deliver 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 of Hawthorne
4455 W. 126th Street
Hawthorne, CA 90250
pjimenez@cityofhawthorne.org

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 any costs associated with responding to this RFP.

5.2 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 3 months as outlined below. Please note the schedule may be altered at the City’s discretion.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFP Issued</td>
<td>September 8, 2020</td>
</tr>
<tr>
<td>Last day to respond to all questions</td>
<td>September 30, 2020</td>
</tr>
<tr>
<td>Submittals Due</td>
<td>October 24, 2020</td>
</tr>
<tr>
<td>Developer Selection (tentative)</td>
<td>December 1, 2020</td>
</tr>
</tbody>
</table>
Section 6  Disclaimers

By submission of a proposal, the developer 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 RFP at any time, and to reject any and all submittals without indicating any reason for such rejection. As a function of the RFP process, the City reserves the right to remedy any technical errors in the response to the RFP 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 RFP 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 RFP.