



REPORT TO HOUSING AUTHORITY
City of Sacramento
 915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Staff Report
July 24, 2012

Honorable Chair and Members of the Board

Title: Release of Request for Qualifications for the proposed revitalization of the Marina Vista and Alder Grove Public Housing Sites

Location/Council District: Marina Vista - 240 Seavey Circle, Alder Grove - 816 Revere Street; District 4.

Recommendation: Adopt a **Housing Authority Resolution** directing: a) the release of a Request for Qualifications (RFQ) for a Master Developer for the proposed revitalization of the Marina Vista and Alder Grove Public Housing developments; b) the solicitation of funding for predevelopment activities from the City and County of Sacramento; and c) the amendment of the Sacramento Housing and Redevelopment Authority's budget to receive and allocate funds from the City of Sacramento and Sacramento County to carry out predevelopment activities.

Contact: Chris Pahule, Program Manager, 916-440-1350; Nick Chhotu, Assistant Director, 916-440-1334

Presenters: Chris Pahule

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: The Marina Vista and Alder Grove Developments are the two largest public housing sites in the Housing Authority of the City of Sacramento's (HACS) portfolio. These two developments are located within close proximity to each other near Broadway and 5th Street. The two sites, Marina Vista with 391 units on roughly 38 acres and Alder Grove with 360 units on roughly 30 acres, present a significant development opportunity in a neighborhood experiencing transition from industrial to residential, mixed-use. Both developments currently house approximately 2,500 extremely low-income residents and represent roughly half of the public housing inventory for the City of Sacramento.

The HACS has struggled for years to maintain the units which are nearing the end of their useful life. Despite these challenges staff has aggressively pursued grants and funding opportunities to augment the existing capital budget. For

Release of Request for Qualifications for the proposed revitalization of the Marina Vista and Alder Grove Developments

example, in 2010/11 over \$5 million in federal American Recovery and Reinvestment Act (ARRA) weatherization grant funds were invested in the two developments to install HVAC systems, dual pane windows, and other energy efficiency measures

In 2007, the Housing Authority Board (Board) approved an Asset Repositioning Strategy aimed at solving the HACS structural operating deficit, reducing dependence on funding from the United States Department of Housing and Urban Development (HUD), and providing reinvestment strategies for the long term preservation of affordable housing. To that end, the strategy recommended redevelopment of the three largest public housing sites (Marina Vista, Alder Grove and Twin Rivers).

On June 7, 2012, HACS staff presented an oral update to the Board on its asset repositioning efforts, including an update on investments at the Marina Vista and Alder Grove developments. The Board directed staff to release a Request for Qualifications (RFQ) for the sites and select a development team no later than November 2012.

Since then, HACS staff has worked diligently on the following:

- Resident Outreach: HACS staff met with the Resident Advisory Board Executive Committee and resident consultation meetings were held with residents of Marina Vista and Alder Grove during the week of July 16, 2012. Residents were informed of the RFQ schedule and process, as well as the applicable federal relocation process.
- Stakeholder Discussions: HACS staff met with the Greater Broadway Partnership, including adjacent property owners, to advise them of the RFQ schedule and process. Additionally, HACS staff is scheduled to meet with various neighborhood association representatives the week of July 23, 2012.
- City Coordination: Based on direction of the Board, HACS staff has met weekly with various City representatives to discuss the RFQ, resources, and assistance needed to engage quality development teams. Specifically, City staff has been helpful in determining the types of entitlements needed for an eventual project on the site, and have offered City resources to initiate a planning process to complete entitlements.

Policy Considerations: The actions recommended in this report are consistent with the HACS' 2007 Asset Repositioning Strategy. The successful transformation of all three large public housing sites would result in the replacement of approximately 1000 units of the Housing Authority's portfolio with high-quality units and HUD will require assurance that any off-site replacement units be built in quality neighborhoods.

It should be noted that by releasing the RFQ, there is an expectation that the redevelopment of the two sites is a high priority for the City and County of Sacramento. Respondents to the RFQ are likely to request local financial assistance, land for replacement housing, and priority status for competitive

Release of Request for Qualifications for the proposed revitalization of the Marina Vista and Alder Grove Developments

funding programs. In addition, a number of other items should be acknowledged in moving forward with the RFQ:

- Mixed-finance development of public housing typically means the units are owned and managed by a private entity rather than by HACS;
- Relocation of all residents will be necessary to allow for demolition and replacement; any off-site phases that can be developed first may minimize this impact;
- A master plan will need to be developed in collaboration with the residents to address replacement housing locations, physical design, financing, schedule, relocation, and re-occupancy. Developers typically require public agencies to pay for 100 percent of third party costs for these efforts – perhaps up to \$250,000;
- Approval from the HUD Special Applications Center will be necessary before any demolition/disposition action can occur; this approval requires City and local HUD Field Office support, along with a feasible plan for replacing the units;
- HUD has established Safe Harbors for business terms which allow developers to ask that 75 percent of predevelopment costs be borne by HACS or another entity; predevelopment costs for any phase may cost between \$500,000 to \$1 million.

Currently, the Sacramento Housing and Redevelopment Agency is working on a number of housing development projects in the City of Sacramento that could be impacted from a local resource standpoint by moving forward with Marina Vista and Alder Grove. Such projects include: the Choice Neighborhoods Initiative (CNI) funded Twin Rivers project that is currently in the planning process, Downtown Railyards, and Curtis Park Railyards. Given the demise of redevelopment which would have been a major source of funding, the priority for projects will need to be considered for the limited state and federal resources available to finance revitalization projects consistent with the proposed size and scale of Marina Vista/Alder Grove projects.

Economic Impacts: Not applicable.

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed action is a planning activity for a possible future project. As such, it is exempt from further environmental review at this time pursuant to California Environmental Quality Act ("CEQA"), Guidelines Section 15262. Full environmental review shall be conducted before the Authority seeks approval to commit to a definite course of action or approval of a specific project on the Marina Vista and Alder Grove sites.

National Environmental Policy Act (NEPA): The proposed action is an exempt activity under National Environmental Policy Act (NEPA) as the proposed action is a request for qualifications requiring studies, resource

Release of Request for Qualifications for the proposed revitalization of the Marina Vista and Alder Grove Developments

identification and development of plans and strategies pursuant to 24 CFR 58.34(a)(1) . Full environmental review will be conducted before the Authority seeks approval to commit to a definite course of action or approval of a specific project on the Marina Vista and Alder Grove sites.

Commission Action: At its meeting of July 18, 2012, the Sacramento Housing and Redevelopment Commission considered the timeline to select a development team for the proposed project outlined in the staff report and public testimony from the resident advisory board representative. The commission expressed concern that the expedited schedule to select a development team did not allow for adequate resident participation. The Commission voted to support staff releasing a Request of Qualifications (RFQ) with the following amendments: 1) the timeline for issuing the RFQ be extended to maximize the amount of resident and public participation, 2) the RFQ require extensive resident participation after a developer is selected during the period of exclusive negotiations, and 3) require one-for-one replacement for any loss in public housing units with a preference for the replacement housing to be constructed on site. The votes were as follows:

AYES: Chan, Gore, Johnson, Morton, Rosa, Shah, Stivers

NOES: Morgan

ABSENT: Alcalay, LeDuc

Rationale for Recommendation: This report recommends releasing a Request for Qualifications (RFQ) to solicit interest from qualified developers with experience in transforming large public housing developments into viable mixed-income mixed-use communities. The revitalization of the Marina Vista and Alder Grove sites is of a size and scale comparable to large public housing transformation projects in Philadelphia, New Orleans, San Francisco, Los Angeles and Chicago. As such, the HACS will only be seeking to partner with a development team that has been successful in redeveloping large-scale public housing, mixed-finance projects.

Additionally, there are several objectives that Housing Authority staff has identified for the development of the sites:

- One-for-one replacement of all public housing units. As stated above, HUD will require these units to be located in high quality neighborhoods.
- Provision of relocation assistance for approximately 2,500 residents of the Marina Vista and Alder Grove sites.
- Minimal public investment with the selected developer contributing significant private capital for the predevelopment and development stages.

The RFQ is expected to be released the week of August 6, 2012 with responses due back within six weeks. The RFQ will ask interested developers to submit information about their qualifications and experience in completing similar public housing revitalization projects of the scale and type contemplated. Developers

July 24, 2012

Release of Request for Qualifications for the proposed revitalization of the Marina Vista and Alder Grove Developments

must also submit information about their site-specific development team as well as their general approach to the planning process and development of the sites. Additionally, developers will be asked to submit financial records and a proposed budget for the project, including return on investment to the Housing Authority. A selection committee will review this information and invite the highest scoring developers deemed qualified to participate in an oral interview. Based on the interviews, the selection committee will make a recommendation to the Board, where staff may recommend entering into exclusive negotiations with the highest-ranked developer.

The seven member selection committee will be comprised of the following members: four Housing Authority staff, one Resident Advisory Board member, one representative from the City of Sacramento, and one representative from the County of Sacramento.

Financial Considerations: This report recommends a solicitation for a Master Developer for the Marina Vista and Alder Grove communities. While there are no identified costs to release the RFQ, it is likely and customary that respondents to the solicitation will request significant assistance with predevelopment funding. As noted above, the Marina Vista and Alder Grove projects may require significant public investment for predevelopment costs. It is anticipated that the City and County of Sacramento will assist with funding for some of the predevelopment costs. Therefore, this report requests authorization for the Executive Director to solicit funding for these purposes. Additionally, because of the expedited solicitation process requested by the Board, HACS staff will also be seeking funding to conduct physical needs assessments, financial analysis and underwriting to determine the feasibility of utilizing HUD's Rental Assistance Demonstration (RAD) program. A Notice of Funding Availability for the RAD program is expected to be released shortly. If successful, funding received from the RAD program could be used as leverage with private debt and equity investments, enabling the housing authority to make needed capital improvements.

M/WBE Considerations: Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding to maintain that federal funding.

Respectfully Submitted by:

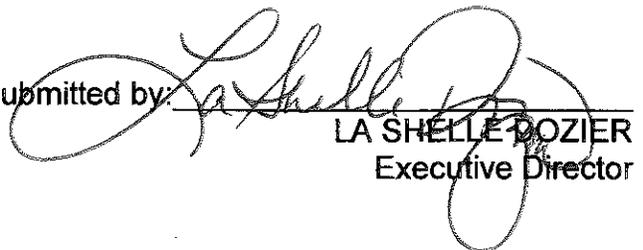
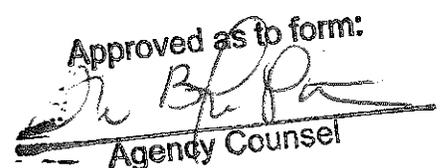

LA SHELLE DOZIER
Executive Director

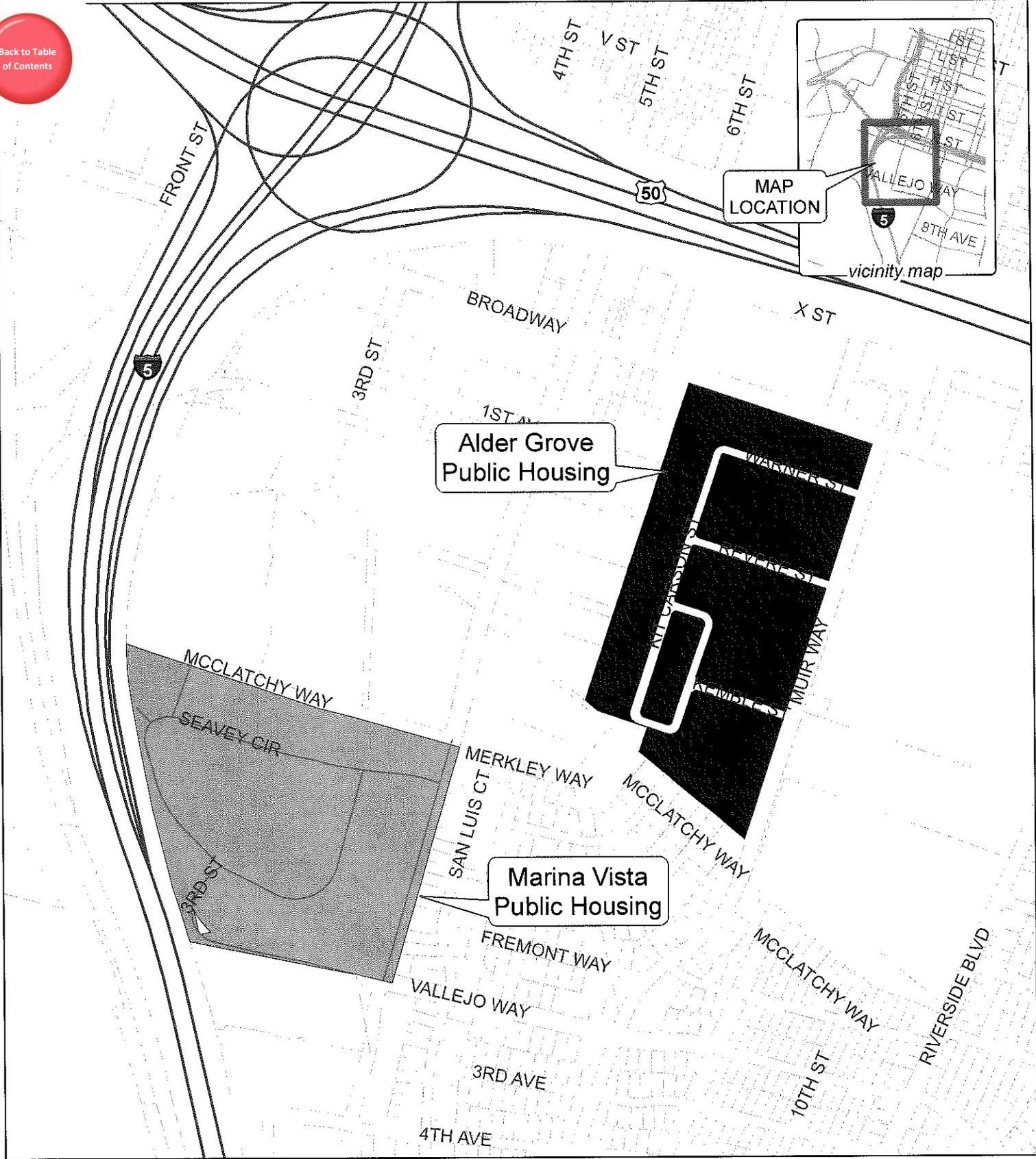
Table of Contents

Report	pg. 1
Attachments	
1 Map	pg. 6
2 Resolution	pg. 7

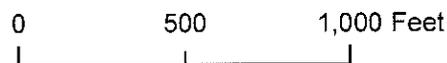
Approved as to form:

Agency Counsel



Marina Vista and Alder Grove Request for Qualifications (RFQ)



-  Marina Vista Public Housing
-  Alder Grove Public Housing



SHRA GIS
July 12, 2012



RESOLUTION NO. 2012 -

Adopted by the Housing Authority of the City of Sacramento

on date of

RELEASE OF REQUEST FOR QUALIFICATIONS FOR THE PROPOSED REVITALIZATIO OF THE MARINA VISTA AND ALDER GROVE DEVELOPMENTS

BACKGROUND

- A. River Oaks (Marina Vista) and New Helvetia (Alder Grove) are the two largest public housing sites owned by the Housing Authority of the City of Sacramento. Marina Vista contains 391 units on roughly 38 acres and Alder Grove contains 360 units on roughly 30 acres. Both sites present significant development opportunity in a neighborhood experiencing transition from industrial to residential, mixed-use.
- B. In 2007, the Housing Authority Board (Board) approved an Asset Repositioning Strategy aimed at solving the Housing Authority's structural operating deficit, reducing dependence on funding from the United States Department of Housing and Urban Development (HUD), and providing reinvestment strategies for long term preservation of affordable housing. The Asset Repositioning Strategy recommended redevelopment of the Marina Vista and Alder Grove public housing sites.
- C. On June 7, 2012, the Board requested that staff to release a Request for Qualifications (RFQ) for the Marina Vista and Alder Grove sites and select a development team no later than November 2012.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

Section 1. All the above is true and correct.

Section 2. The Executive Director, or her designee, is directed to release a Request for Qualifications (RFQ) for a Master Developer for the proposed revitalization of the Marina Vista and Alder Grove Public Housing developments.

Section 3. The Executive Director, or her designee, is authorized to solicit funds for predevelopment activities from the City and County of Sacramento.

Section 4. The Executive Director, or her designee, is authorized to amend the Sacramento Housing Authority's budget to receive and allocate funds from the City of Sacramento and Sacramento County to carryout predevelopment activities.