

Phone: 916.683.7111
Fax: 916.691.3168

Web: www.elkgrovecity.org

8401 Laguna Palms Way
Elk Grove, California 95758



QUESTIONS AND ANSWERS AFFORDABLE HOUSING PROJECTS RFP

Updated May 25, 2023

I just wanted to confirm that proposals are due on June 30, 2023 by 4:00pm for the Affordable Housing in Elk Grove Sheldon Farms North and Old Town Sites solicitation? Can you also tell me if there is a preliminary estimate, cost or budget for the project?

Yes, proposals are due on June 30, 2023 by 4pm PDT. The City anticipates investing \$9 million over the two sites (inclusive of land value). The selected developers will determine the overall cost per project and the funding sources needed in order to get it built.

Is the City's financial support for the two projects combined \$9M?

Yes, the City's support is not expected to exceed \$9 million in total for the two sites.

Does the City's \$9M financial support include the appraised values of the two projects' land? If so, does the City have appraised values of these properties?

How much is the land valued at for each site?

Yes, the \$9 million in proposed support does include the value of the land. The City has not commissioned recent appraisals of the land, but purchased the Old Town sites in 2021 for \$1.1 million and valued the Sheldon Farms North land at about \$1.85 million in 2021.

The City anticipates providing about \$6 million in cash gap financing between the two sites. The City is also open to other structures where the land is sold for market value and a larger loan is provided, if advantageous to the overall development proposal.

The City's financial support, including funds and land, for any one of the two projects is not expected to exceed \$6M, correct?

Yes, that is correct.

Will the City funding require prevailing wage?

Payment of prevailing wage would likely be required unless the Project meets one of the exemptions set forth in Labor Code section 1720 (for example, there is an exemption for certain below-market interest rate loans in Labor Code section 1720(b)(5)(E)). The developer should determine if an exemption to prevailing wage law applies. Most of the City's past funded projects have been exempt and not paid prevailing wage, but some non-City funding sources may require it.

Is this subject to the BS union requirements/PLA you have your other projects?

The determination of whether union and Project Labor Agreement requirements apply to a given project is to be made by the developer. The City does not require it on these projects, but affordable housing typically has many funding sources, some of which may have requirements related to labor, prevailing wage, etc. With respect to the Community Workforce and Training Agreement with the Sacramento-Sierra Building

and Construction Trades Council and the AFL-CIO Council and its member unions (CWTA), the City does not anticipate that the CWTA will apply to the chosen projects. Developers with further questions may review Sections 2.2 and 2.3.11 of the CWTA, which is available upon request.

Please clarify the affordability goal for the senior housing (Old Town site).

The City encourages developers to achieve deep affordability on the site, targeting 30-50% AMI, but recognizes that not all units will be in this affordability range. We are open to different ranges of affordability as needed to make the project financially feasible.

What really does the city want when it asks for multiple floorplans: facade articulation or different room sizes/configurations, no modular housing, etc?

The primary goal is façade articulation. The City prefers that buildings have visual interest, an active street scene, urban look, etc.

What would be the City's plan for putting together a list of transportation investments to accompany AHSC housing application?

While the City has not identified a specific list of projects at this point, staff has a long list of potential projects, which include trail, pedestrian, transit, and other active transportation projects near to the Sheldon Farms North Site. We're committed to working with the selected developer to assemble the most competitive list of qualifying projects.

Has the city considered an expedited review process via SB 35?

The City is open to eligible projects pursuing approval through the SB35 streamlining process.

For the proposed senior housing site (Old Town), please explain the reasoning, if any, as to why 35% of the proposed units are 2 bedrooms in the City Exploratory Model? In our portfolio we've found that 2 bedrooms are harder to lease for senior housing projects and the standard is 10% of the units.

About 35% of the units in the City's existing senior affordable housing stock are two bedrooms. We used that as a basis for modeling, but proposers are not required to mirror the modeling. The City is open to a lower or higher percentage of two-bedroom units based on the developer's assessment of what will be financially feasible, competitive, and marketable.

Can the City confirm if there will be any preference in available county funds through the SHRA Bond for either site?

No. SHRA's bonding capacity applies to the City of Sacramento and unincorporated areas of Sacramento County. As an incorporated city, sites in Elk Grove are not funded by SHRA bonds. However, SHRA does provide housing vouchers for all of Sacramento County, and projects in Elk Grove are eligible to receive allocations of project-based vouchers through SHRA.

For the Proposed Family Housing Site (SHELDON FARMS NORTH), please provide further details on the basis of your assumption that the site will qualify for ASHC funding. Is it based on this site qualifying as a potential TOD site with the blue line light rail expansion across the street?

No, the assessment was based on a review of the Integrated Connectivity Projects (ICP) definitions and minimum eligibility criteria. Sheldon Farms North appears to have "qualifying" transit service in its E110 line, which runs on 30-minute headways past the site from roughly 6:30am to 6:30pm. The site also does not have "high quality transit" running at 15-minute or better headways within a short walk; lacking such transit is also necessary to qualify for ICP funds. As answered in response to another question, City staff has a long list of potential projects, which include trail, pedestrian, transit, and other active transportation

projects, near to the Sheldon Farms North Site. These could be funded alongside affordable housing using AHSC funds.

Must a developer propose to use AHSC funding on the Sheldon Farms North site?

No. The City is interested in AHSC funding as part of a capital stack, but it is not required. Proposals from experienced developer teams with solid design visions are expected to be competitive even if they don't anticipate AHSC funding.

Is there any preference in architect firms or anything that the city is looking for, or taking notice of, in that regards?

The City has no specific preference aside from what is stated in the RFP, which is essentially 1) seeking an architect with experience relevant to the vision and 2) seeking an architect with whom the developer has successfully partnered on relevant past projects.

Are City loan funds limited in term to 3-4 years, essentially in line only with the construction financing rather than the permanent financing phase?

No. While the City encourages loans that will be repaid in a timely manner, historically the City's loans have been for longer durations (20+ years) and we expect that will be the case with City financing on these sites.