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## QUESTIONS AND ANSWERS AFFORDABLE HOUSING PROJECTS RFP

Updated June 6, 2023

### GENERAL

**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.

**NEW - For proposal section 6, can you clarify what type of evidence of ability to insure is acceptable? Would a COI from a past project demonstrating limits that meet the City's requirements be acceptable?**

Yes, a certificate of insurance from a similar past project is acceptable. A letter from the developer's insurer stating that the insurance requirements can be met is also acceptable.

**NEW - This appears to be more of an RFQ rather than full RFP. Is that correct? Are a site plan or full financing model required?**

This RFP has fewer requirements than some RFPs, much like an RFQ. This is to encourage a variety of well-qualified teams to apply. Full site plans and financing models are not required. However, please provide sufficient design and financial detail to make your development ideas clear and compelling. For example, if not commissioning a site plan, we suggest leaning on your organization's and architect's portfolios to illustrate your design vision, concepts, and features. Likewise, if not conducting full financial modeling, perhaps consider a strongly argued narrative case for the competitiveness and efficiency of your financing Plan A and Plan B.

**NEW - Per the RFP, you won't select the same developer for both sites. Would a partnership at one of the sites with another developer count as a different developer? Say we submitted to one site as a partnership and one site on our own, could we win both of those proposals?**

The City is looking to have different lead developers for each site. The lead developer is the one responsible for design, permitting, financing, and construction oversight. We understand that there is likely to be overlap between some of the team members on proposals (e.g. architects, services providers, property management) and this policy is not intended to prevent complete overlap on teams. A developer taking a lead developer role on one site and playing a minor role on another team, such as by providing property management, could be selected for both sites.

**NEW - Why does the City intend to declare the sites exempt from the Surplus Land Act?**

The City is required to comply with the Surplus Land Act when disposing of real property. If the City does not declare the properties as exempt surplus, then the standard procedures of the Surplus Land Act would apply to the City's proposed transfer of the sites. Utilizing an exemption allows the City to streamline the property transfer process. Please refer to HCD's guidelines and informational materials for additional information on the Surplus Land Act procedures and exemptions available at: [Public Lands for Affordable Housing Development | California Department of Housing and Community Development](#).

**NEW - How should we interpret the city's description of the Surplus Land Act exemption contained in Government Code section 54221(f)(1)(A)? When the code states, "(ii) At least 40% of units are affordable to households at or below 60% of AMI; (iii) At least half of the above affordable units are affordable to very low-income households" does that mean 20% have to be affordable to very low-income households or an even higher percentage?**

At least half of whatever amount of units are at or below 60% AMI affordability would need to be affordable to very low-income households. For example, if all of a site's units were at or below 60% AMI, then at least half of those units would need to be affordable to very low-income households (up to 50% AMI). Or, if 80% of a site's units were at or below 60% AMI, then at least 40% of those units would need to be at or below 50% AMI affordability. Please refer to the statutory requirements in Government Code sections 54221(f)(1)(A) and 37364(c).

**NEW - Why now for the RFP and what are the City's expectations regarding the development timeline?**

The City understands the urgent need for affordable housing in the community and therefore released the RFP as soon as it had secured title on both sites. Additionally, the City currently has sufficient funding in its Affordable Housing Fund to support both projects. The City aims for housing to be completed on the sites as soon as possible. The developer should expect to work quickly alongside the City to finalize design, complete entitlements, and gain loan approval to support the submission of funding applications during the earliest possible funding round. A City Council resolution will give each selected development partner an opportunity to apply for tax credit, bond, or other funding for the relevant site, but such resolutions will expire if the development partner does not secure those resources for three consecutive funding rounds, or automatically as of December 31, 2026.

**NEW - Page 51 of the RFP references a form provided in Exhibit E. I did not locate the form.**

The reference to Exhibit E refers to a labor compliance statement form that is typically a part of our insurance requirements, which were included here in a more succinct form. The labor compliance statement reads as follows: Borrower is aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and Borrower has complied or will comply with such provisions before commencing the performance of the work of this Agreement. (Cal. Labor Code §§1860, 1861.)"

## **FINANCIAL CONSIDERATIONS**

**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.

**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.

**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.

**NEW - Does the City have a list of impact fees that would apply to each site? If so, could you provide that list?**

The Projects would be subject to a variety of impact fees/fair share fees, including but not limited to the Roadway Fee Program, Active Transportation Fee Program, Parks Land In Lieu or Quimby (as applicable), and Capital Facilities Fee Program. While projects are also subject to the Affordable Housing Fee Program, any affordable units are exempt from that fee. Additional fees are assessed by outside agencies, including Fire and Parks (Cosumnes Community Services District), school fees (Elk Grove Unified School District), sewer (SacSewer and Regional Sanitation), water (Elk Grove Water District or Sacramento County Water Agency). More details on City fees can be found [here](#).

Once a developer is selected for each site, the City will work with the selected developers to prepare detailed fee estimates for their proposed projects. The City does have a fee deferral program that allows deferral of many development impact fees until certificate of occupancy.

**NEW - To the extent the City of Elk Grove utilizes Project-Based Vouchers (PBVs), does the City obtain the PBVs through SHRA? And must the PBVs allocated to a project located in Elk Grove solely serve formerly homeless households? It is the case in the City of Sacramento and unincorporated County of Sacramento that PBVs can only be used to serve formerly homeless households.**

As the housing authority for all of Sacramento County, SHRA could provide project-based vouchers to projects funded through this RFP. The City does not have a requirement that PBVs be used for formerly homeless households, but understands this to be SHRA's current funding preference. We are supportive of including some PSH units into a larger project, so long as the increased service costs are sustainably offset by operating subsidies.

## CONSTRUCTION REQUIREMENTS

### **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 for review [here](#).

## PROJECT DESIGN

### **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.

### **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.

### **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.

### **NEW - Are we required to submit unit plans as part of the submission to meet the requirements of p. 37, General Conditions, Bullet 4?**

No, floor plans are not required. However, the proposed project program should define the mix of room types (e.g., Studio, 1BD, 2BD) either in count or percentage terms. Providing prototype floorplans to illustrate the diversities is welcome, but not required. The primary goal of differing floorplans is façade articulation. The City prefers that buildings have visual interest, an active street scene, urban look, etc.

### **NEW - What is the City's comfort level with permanent supportive housing (PSH)? What about PSH for formerly homeless veterans?**

The City prefers senior housing for the Old Town Site and family housing for the Sheldon Farms North Site. Given many funders' focus on PSH, the City is open to PSH units being included as part of a larger program focused on populations like seniors and families, so long as the increased service costs could be sustainably

offset by operating subsidies. While PSH for formerly homeless veterans could be considered, particularly if it presents a fast low-risk pathway to financing, it is not preferred relative to senior or family housing.

**NEW - Which is a greater priority for the City: larger unit counts or deeper affordability?**

While both are important, unit counts are the first priority in order to meet the City's Housing Element goal for affordable housing production. However, affordability must still be deep enough to fulfill one of the Surplus Land Act exemptions. And, for a senior development in particular, deep affordability is a goal to balance with unit production.

**NEW - Has there been outreach to neighbors and elected officials regarding the RFP and vision for the sites?**

Over the past year, City staff and a consultant met with a variety of stakeholders within the City government, across external partner agencies and community organizations, and with elected officials who sit on the City's Affordable Housing Committee to inform them of the upcoming process and site visions. These meetings created opportunities for feedback from attendees.

The City desires to conduct outreach with neighbors once proposed design plans are available, giving participants something to respond to. The selection of the sites as opportunities to meet the City's RHNA were included in public participation conducted for the 2021 Housing Element, of which the sites received broad community support.

## **OLD TOWN SITE**

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

**NEW - Re: the Old Town site, one of the "Minimum Requirements" listed on page 36 is "Deep affordability (30%-50% AMI)". I assume this means that the City desires 100% of the project's rents to range from 30% to 50% AMI?**

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.

**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.

**NEW - The Old Town Guidelines require setbacks for the west and north frontages at no more than 7.5'. The RFP states the requirement for the same setbacks from the zoning code as 10'. Which should we adhere to?**

The Old Town site is currently zoned RD-25 and would be subject to the Zoning Code standard of 15 feet (see page 13 of the RFP). However, reductions to the setbacks may be achieved through the approval process, including but not limited to a Minor Deviation, exceptions through Design Review, and Density Bonus and other Developer Incentives.

**NEW - Is the Old Town Site in the Old Town Special Plan Area (SPA)? Are there any holdover restrictions from the SPA, such as restrictions on ground floor residential units, affecting the Old Town site?**

The site is not part of the Old Town Special Planning Area and is zoned RD-25. The site is located within the historic Old Town area and, as such, the City expects the design to respond to the surrounding conditions, as described in the RFP. The site does not have any restrictions regarding ground-floor residential units, and preliminary modeling included ground floor residential units.

**NEW - On page 16 of the RFP, it is noted that childcare is an exciting possibility on the Old Town site. Since the Old Town site is envisioned as affordable housing serving low-income seniors, please elaborate on why childcare is of interest?**

There is a high need for childcare in the community and we see this as a viable option from a demand perspective but acknowledge that it would serve the residents of the larger area and not specifically the project's residents. We recognize it may not be financially feasible to include a non-residential component with the project and, as such, the City would not have concerns with a 100% residential project on this site.

### **SHELDON FARMS NORTH SITE**

**NEW - The Rail Transit Alignment Study provided in the supplemental materials for the Sheldon Farms North site shows the future transit station directly adjacent to the parcel. Page 47 of the RFP indicates that the preferred station location is ~1/4 mile from the site. Can you clarify where respondents should anticipate the future rail station?**

**NEW - Can you please clarify the location of the future light rail station near Sheldon Farms North? Some diagrams seem to indicate it is directly adjacent to the site (on Bruceville between Sheldon and Mashpee), other diagrams show the station further south on Bruceville.**

Prior Council direction is for the future light rail/transit station to be located at/near the intersection of Bruceville Road and Big Horn Boulevard. The station may either be along the roadway shoulder or within the roadway median. The City and RT anticipate preparing an update to the corridor master plan beginning in late 2023, pending award of a State grant. The Sheldon Farms North site is not the proposed station location. Residents would need to walk south on Bruceville Road approximately 1,200 feet to access the service. Local bus services along Bruceville, with connections to Light Rail at Cosumnes River College, already exist and residents could access bus stops at the intersection of Bruceville and Sheldon Road.

**NEW - Would the City consider another population for the Sheldon Farm North site, or only family housing?**

The City's preference and vision is for family housing on Sheldon Farms North. In the event that factors such as the site's CTCAC Moderate Resource designation preclude a pathway to achieving the City's vision in upcoming funding rounds, the City is open to hearing other proposals for what population could be served to make for a competitive funding application on the site.

**NEW - Does the City face any contingencies on the Sheldon Farms North site related to the market rate development (the subdivision) to the East?**

No. The City received title to the Sheldon Farms North site from the adjacent developer in April 2023. There are no contingencies stemming from that transaction affecting the site. The site was included in the broader subdivision development's California Environmental Quality Act (CEQA) Mitigated Negative Declaration (MND), That MND stipulates mitigation actions that the development partner would need to review in order to understand any other obligations. The MND is available within the supplemental materials hosted on the City's procurement webpage.

**NEW - Can the City clarify the total developable acreage net of dedications and easements of the Sheldon Farms North parcel and if the development density calculation should include the gross parcel size or the net?**

**NEW - Is the zoning's density based on gross or net acreage? If net, are public utility easements and landscape easement excluded from the acreage?**

The site is 5.54± net acres, or 6.09± gross acres. The program model in the RFP achieved a density of approximately 30 units per acre on the net basis, which would be the basis for density calculation of this site. Further, in the program, prospective buildings were placed just outside the landscape corridor/IOD, allowing that area to count as the setback from Bruceville.

**NEW - Does the City have plans for the commercial to be developed adjacent/north of the Sheldon Farms North site?**

A commercial project was recently approved for the property to the north. Details are available at [https://elkgrove.granicus.com/MetaViewer.php?view\\_id=18&clip\\_id=2320&meta\\_id=183322](https://elkgrove.granicus.com/MetaViewer.php?view_id=18&clip_id=2320&meta_id=183322).

**NEW - For the Sheldon Farms North site, is the City open to another drive entry along Bruceville (crossing the easement) or will we only have direct access via Mashpee?**

**NEW - At the Sheldon site, we noticed that a light rail ROW is planned along Bruceville Road. As such, shall we assume that vehicle access is limited to Barnstable and/or Mashpee Way?**

No additional access is available along Bruceville Road for two reasons. First, the site is constrained by the future transit IOD. Second, the spacing of intersections and driveways would be inconsistent with the City's Improvement Standards.

**NEW - It looks like stormwater management (quantity and quality) is being handled as part of the larger community plan and not needed on site. Is that correct?**

The surrounding subdivision provided many of the required improvements. However, the Project will need to achieve hydromodification and stormwater quality obligations.

**NEW - It is understood that there cannot be any building improvements in public utility easements or the landscape easement. Are there specified setbacks for buildings relative to the property lines or the public utility easements on Mashpee and Barnstable and the landscape easement on Bruceville?**

The Project must be consistent with the setback standards along street frontage of the underlying zoning designation. Deviations may be considered through the entitlement process, including but not limited to a Minor Deviation, exceptions through Design Review, and Density Bonus and other Developer Incentives. No improvements are allowed within PUEs or the drainage easement, or within the IOD. Setbacks are relative to the property lines/limits of right-of-way.

**NEW - A storm drainage easement along Mashpee widens to 25' in the exhibit in the RFP. However, this easement does not show up in the Alta survey. Which is correct?**

A copy of the recorded drainage easement is available. It was recorded in April 2023, after the Alta survey was commissioned.

**NEW - Many cities do not apply the UFC requirements for aerial fire apparatus access for 3 story.....they start at 4 story. Does the City Fire Department require aerial apparatus access per the UFC with 3 stories that exceed 30'? Or just the hose pull requirements.**

The Cosumnes Community Services District (CCSD) is the fire service provider for this area. Aerial Apparatus requirements are applied when the building exceeds 30'. The CCSD standard can be found here: [Fire-Apparatus-Access-Standard-PDF](#).

**NEW - Many cities extend the UFC hose pull requirement of 150' to 200' when the building is fully sprinkled. Does Elk Grove Fire allow that?**

CCSD is the fire service provider for this area. They indicated they do not default to an automatic extension if the hose pull exceeds 150'. However, depending on the layout, overall access, neighboring exposures, and other safety factors, CCSD routinely works with developers on Alternative Methods/Mean Request (AMMR) to allow an extension of hose pull requirements.

**NEW - Will emergency vehicle access be allowed to cross the future LRT ROW along Bruceville? If not, what is the outside and inside turning radius for fire equipment?**

Turning radius requirements are generally 25' inside and 50' outside. No driveways/EVA will be allowed across the transit corridor.

**NEW - I reviewed title and there doesn't appear to be any infrastructure Mello-Roos associated with this site. Will there be any Mello-Roos catch up fees associated with this parcel?**

There are three CFD districts applicable for maintenance, as well as one that benefits Elk Grove Unified School District. Additionally, the site was part of a bond issuance under the SCIP program, under which there will be CFD obligations beginning FY22-23, in the amount of \$1,462-1,608 per unit for units not exceeding 1,800 square feet. The SCIP levy amounts are all subject to 2% annual increases and the bonds will expire in 2053 (30-year bonds).

**NEW - Will on-street parking be allowed on Mashpee and Barnstable on the southern and eastern edges of the Sheldon Farms North site?**

Both streets will allow on-street parking.

**NEW – Does an HOA from the adjacent single-family-home master planned area pertain to the Sheldon Farms North site?**

There are no HOA requirements affecting the Sheldon Farms North site.

## AHSC FUNDING

**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.

**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.