



*Recommendation to Provide Direction on  
Request for Qualifications Outline and Exclusive Right to Negotiate  
Agreement for a New Development Site in the Main Street  
Neighborhood*

City Council  
May 16, 2017



# City Council Action

## Provide Direction on:

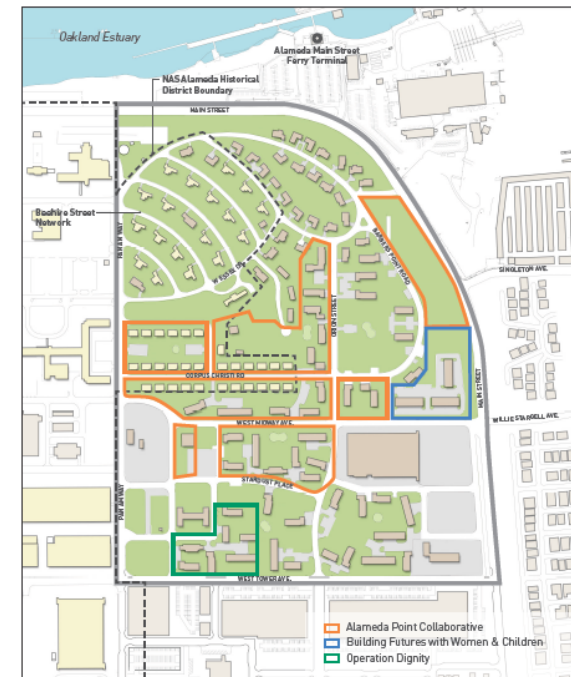
- ❖ Request for Qualifications (RFQ) Outline and;
- ❖ Exclusive Right to Negotiate (ENA) Agreement for a New Development Site in the Main Street Neighborhood



# Background

## Recent City Council actions:

- Approved Main Street Neighborhood Specific Plan (3/21/17)
- Approved Term Sheet with Collaborating Partners to Relocate and Construct New Supportive Housing Facilities in Main Street (4/4/17)



# Main Street South RFQ Outline

1. Development Opportunity
2. Developer Project Experience
3. Infrastructure Package
4. RFQ Selection Process
5. Transaction and Development Process



# Development Opportunity

- 22.8 acres
- Allocate all remaining housing units under the General Plan cap (291 units) to maximize market rate housing, including workforce housing, to pay for infrastructure construction of entire South of W. Midway area
- 9% affordable (moderate) with very low/low affordable requirement being met by the Collaborating Partners
- Provide as many Workforce units (120% and 180% AMI) as financially feasible
- Encourage mixed use/commercial development

# Workforce Housing

Item	Scenario 1: All Townhomes, No Workforce Housing	Scenario 2: 10% Workforce Units and Limited Single-Family	Scenario 3: 10% Workforce Units and No Single-Family	Scenario 4: All Remaining Units, No Single Family, and 45% Workforce Units
Single Family		24		
Town Home	209	168	190	707
Workforce		28	28	755
Moderate	26	26	26	29
Low/Very-Low Units <sup>1</sup>	44	44	44	62
<b>TOTAL UNITS</b>	<b>277</b>	<b>277</b>	<b>277</b>	<b>343</b>
<i>Total Units less Collaborating Partner Units</i>	<i>233</i>	<i>233</i>	<i>233</i>	<i>291<sup>2</sup></i>
<b>Total Residual Value<sup>3</sup></b>	<b>\$53,450,094</b>	<b>\$53,362,193</b>	<b>\$50,921,328</b>	<b>\$53,381,150</b>
<b>Infrastructure Cost</b>	<b>\$53,317,001</b>	<b>\$53,317,001</b>	<b>\$53,317,001</b>	<b>\$53,317,001</b>
<b>Net Residual Value per unit</b>	<b>\$133,093</b>	<b>\$46,182</b>	<b>-(2,396,676)</b>	<b>\$44,149</b>
MEETS FEASIBILITY THRESHOLD	YES	YES	NO	YES

- Staff recommends the remaining 291 units to maximize workforce housing
- Flexibility for alternative scenarios
- Preference for developers that provide more workforce units

1. Low/Very Low Units provided by the Collaborating Partners Project assuming 267 units. The exact # of units provided will be determined in a RFQ process determined by the City Council.

2. Includes all remaining AP units within the 1,425-unit General Plan cap after assumed Collaborating Partners 267 units, Site A's 800 units, and 67 existing market rate units

3. Total residual value is the sales price multiplied by the number of units minus the total development and sales costs



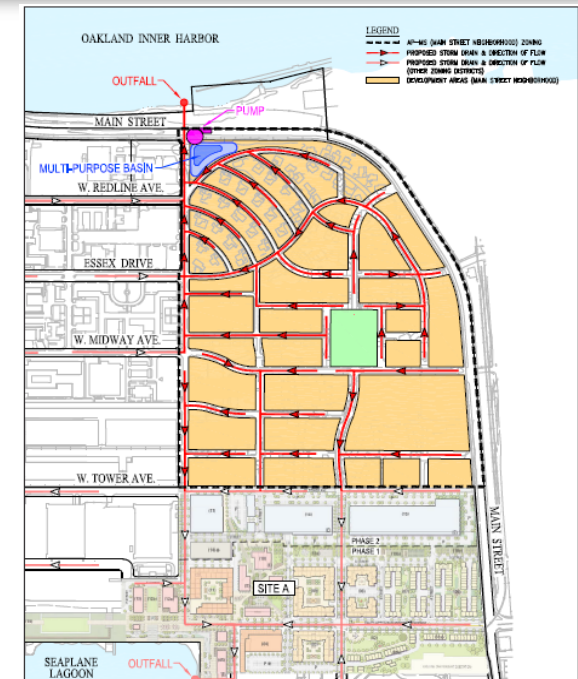
# Commercial Development

- Complementary uses to adjacent Adaptive Reuse and Town Center
- Consistent Main Street Neighborhood Specific Plan permitted and conditional uses, such as:
  - “Maker” spaces
  - Assisted living
  - Light Industrial
  - Neighborhood serving retail
  - Work/live



# Infrastructure Package

- Demolition, flood protection measures, backbone streets, and utilities for entire area south of W. Midway
- 3-acre Central Gardens park
- Protected bikeways, bike paths
- Meets “Fair Share” MIP Infrastructure
- Additional backbone infrastructure if Site A does not go forward

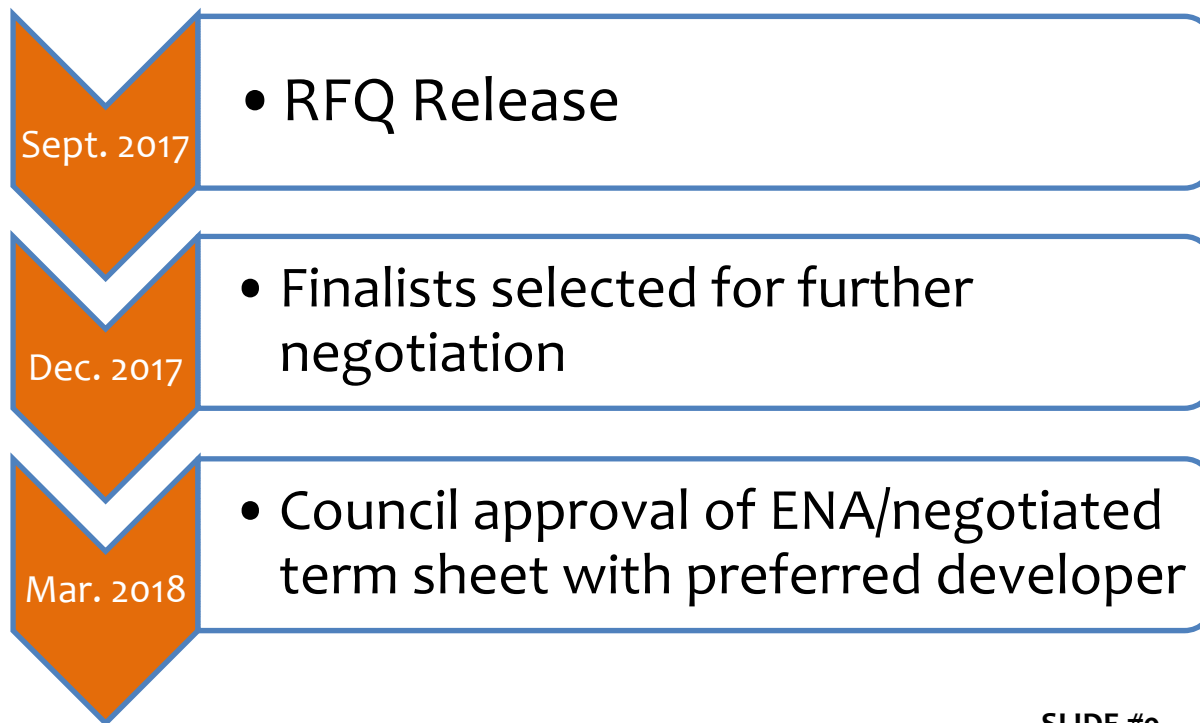




# RFQ Selection Process

- 6-week response timeline
- SOQs reviewed by and up to five selected for interviews
- Interview panel(s) including community members and stakeholders
- Most likely two finalists presented to City Council for further negotiations of potential term sheet
- Community Open House
- Preferred developer, ENA and negotiated term sheet approved by City Council

# RFQ Timeline

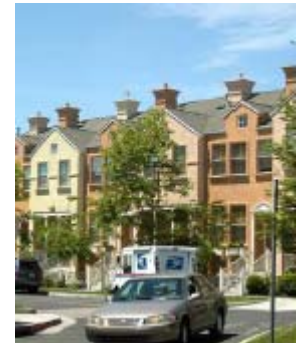


# Transaction and Development Process

- 12-month ENA process to get an approved DDA and Development Plan
- City's obligation is exclusive good faith negotiations with developer; no obligation to approve a DDA or Development Plan
- Two 3-month administrative extensions by City Manager
- No assignments or transfer rights to another developer
- \$150,000 non-refundable deposit

# Next Steps

- Return to Council for approval of final RFQ (Sept, 2017)
- Release RFQ (Sept. 2017)



SLIDE # 10