State of California
Request for Qualifications
Affordable Housing Development Under
Executive Order N-06-19

Location: Clearlake, Reedley, Riverside, Sacramento, San Quentin, Truckee, CA.

Released: June 15, 2020
Due: July 20, 2020
STATE CONTACT

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PROJECT WEBSITE

Page: Executive Order N-06-19 Affordable Housing

URL: https://www.dgs.ca.gov/RESD/Projects/Page-Content/Projects-List-Folder/Executive-Order-N-06-19-Affordable-Housing-Development

RFQ SCHEDULE

The following timeline is provided for the Respondent’s scheduling information but is subject to change at the State’s discretion.

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DISCLAIMER

The State obtained the information contained in this RFQ from sources deemed reliable; however, the State makes no guarantees, warranties, or representations, nor expresses or implies any opinion concerning the accuracy or completeness of the information provided. It is furnished solely as an aid to Interested Parties. Interested Parties are responsible for undertaking all necessary investigation on and off the State Property to determine the suitability of the State Property for Interested Party’s intended use.
INTRODUCTION

Executive Order N-06-19 (EO) (see Exhibit A) was signed by Governor Gavin Newsom on January 15, 2019 to address the housing affordability crisis that is facing the State of California. Governor Newsom ordered the Department of General Services (DGS) and the Department of Housing and Community Development (HCD), (the “State”), to identify and prioritize excess state-owned property and aggressively pursue the goals of affordable, sustainable, innovative, feasible, and cost-effective housing projects.

The State is pleased to issue this multi-site Request for Qualifications (RFQ) for respondents capable of developing affordable housing on excess state-owned properties located in multiple locations throughout California that will be consistent with and help fulfill state, regional, and local goals, including affordability and feasibility. Projects must include a minimum of 50 percent restricted affordable housing units, consistent with Government Code section 14671.2.

In their response to this RFQ, respondents may respond to all six excess sites or pick and choose those they are interested in pursuing for affordable housing development. While the structure of the process may be similar, each site has its own unique constraints and opportunities.

This RFQ is a multi-agency effort to address housing affordability throughout California. The State is collaborating with each of the seven localities in its selection of a development team and creation of a development program.

The State expects to evaluate the responding Statements of Qualifications (SOQ) and then issue a Request for Proposals (RFP). Selected respondents of this RFQ will be invited to respond to the RFP. At the conclusion of the RFP process, the State intends to enter into a Letter of Intent (LOI) with the Respondent whose qualifications and development proposal the State deems best suited to achieve the objectives described in the RFQ and RFP. Successful completion of negotiations will lead to the execution of a low-cost, long-term ground lease and regulatory agreement with a maximum term of 99 years.
LOCATION & DESCRIPTION
The excess state-owned properties included in this multi-site RFQ are located at:

- **Clearlake**: One large parcel, owned by Lake County (APN #: 010-043-010-000), to be considered for a land swap for a state-owned site in Lakeport, for a total of 16.28 acres (only part of which is developable). Located on the south side of 18th Ave with the Dam Rd. Extension, Clearlake, CA (Lake County). RFI for site previously released in April.

- **Reedley**: One parcel (APN #: 370-122-03T) for a total of 1.92 acres at 601 11th Street, Reedley, CA (Fresno County). Vacant building on property previously used as the Reedley Armory.

- **Riverside**: One parcel (APN #: 209-130-003) for a total of 4.27 acres at 2524 Mulberry Street in Riverside, CA (Riverside County). Structures on property, previously used as the Region III Headquarters for Cal Fire.

- **Sacramento**: Two parcels (APN #: 275-0134-008-0000; 275-0134-007-0000) for a total of 1.079 acres at 440 Arden Way in Sacramento, CA (Sacramento County). Vacant building on property previously used as the Arden Armory.

- **San Quentin**: One large parcel (APN #: 018-152-12), with nearly 5 acres of developable land on the westerly most boundary of the San Quentin Prison buffer zone (Marin County).

- **Truckee**: Two parcels (APN #: 018-621-006-000; 018-621-005-000) for a total of 1.72 acres at 10077 State Route 89 South in Truckee, CA (Nevada County). Multiple structures on the property, previously used as a California Highway Patrol facility.

Please refer to Exhibit 3 for more detailed information and site maps.
DEVELOPMENT PRINCIPLES AND PARAMETERS

The lack of affordable housing across California is a matter of vital statewide importance and the State is working to expand housing opportunities through a new level of innovation and cooperation between the public and private sectors. To help solve the affordable housing crisis, the State is seeking knowledgeable, financially sound, and experienced providers of affordable housing.

The State is seeking SOQs from Respondents who can support meeting the goals of the EO, including the provision of housing affordable to lower income households, and will creatively adhere to the following principles. These are not requirements but are intended to make the State’s desired expectations clear and guide the project from solicitation through construction.

- **Affordability:** Maximize the affordability on site, including depth of affordability as well as percentage of units that are affordable (accounting for size differences between units with different bedroom counts);

- **Innovative Housing and Construction Types:** Catalyze and incubate innovative models for construction (such as modular or prefabrication), financing, and workforce development—recognizing that design and construction quality should not be comprised. Innovative Housing and Construction is desirable, but not a strict requirement;

- **Efficiency:** Identify a strategy for delivering on the timing goals for the EO (i.e., feasibility of breaking ground within two years of entering the lease and regulatory agreement and completing units within three years) and employing several time saving measures. Efficiency of delivery also recognizes that deeper affordability may need multiple funding sources which are available through different and competitive funding cycles and Notices of Funding Availability (NOFAs);

- **Accessibility:** As part of providing for accessible housing for all Californians, Respondents are encouraged to incorporate cost-effective design approaches consistent with universal design principles and/or related local ordinances;

- **Sustainability:** Reflect the state’s emphasis on sustainable construction, including the use of recycled products, commitments to low energy use, building electrification, and/or the use of renewable construction materials, such as mass timber as recognized through approved guidelines by the California Building Officials (CALBO) and the California Building Standards Commission;

- **Development Costs:** Pursue cost reducing measures such as impact fee
program waivers or reductions, innovative housing types (e.g., modular), and other measures while maintaining a high-quality design that complements the neighborhood;

- **Outreach**: Facilitate meaningful public participation consistent with the Ralph M. Brown Act, if applicable, and other strategies to engage the community throughout the development process;

- **Partnership and Collaboration**: Seek creative partnerships with the City and stakeholders, including special consideration of the City’s housing and community and economic development goals and existing resources and opportunities such as the availability of services, transportation, and amenities and planned city-sponsored improvements; and

- **State Planning Priorities**: Maximize land resources and efficient land use patterns by developing as densely as feasible.

THE IDEAL RESPONSE TO THIS RFQ

The State seeks responses that:

- Are clear, concise, and to-the-point. Respondents are requested to avoid inclusion of extraneous marketing materials, overly detailed specifications, and other materials that increase the size of the submittal without providing meaningful additional information about Respondent’s vision and implementation of the Project objectives.

- Articulate a clear understanding of the State’s objectives for the EO and regional and local objectives for the development of each subject site.

- Illustrate the successful track record of the Respondent team (i.e., including the development company and its proposed project manager and any proposed contractors and partners) in financing, developing, managing, and maintaining projects like the one described in this RFQ.

- Identify which sites of the multi-site RFQ that the Respondent team is interested in pursuing for the development of affordable housing (Respondents are welcome to respond to all sites or those of their choosing).

EVALUATION CRITERIA FOR THIS RFQ

An evaluation panel will identify the most qualified responses to this RFQ.
The State will invite selected Respondent teams to the RFP stage based on the following:

- Respondent Team experience in planning, financing, developing, managing, and maintaining similar development projects, including experience developing affordable housing in California.

- Conceptual development plan (no architectural work required, but the team’s ability to hire an architect is important) and the ability of that plan to meet the EO’s and State’s objectives as described in this RFQ.

- Financial capacity and financial strength of Respondent Team to complete the Project.

**SUBMISSION REQUIREMENTS FOR THIS RFQ**

No later than 5:00PM Pacific Time on Friday, July 20, 2020, the State must receive from Respondents their response to this RFQ. Respondents may submit their response to the State by submitting their SOQs via email to joshua.palmer@dgs.ca.gov. It is the Respondents sole responsibility to ensure that the SOQ response is timely received by the State. All emails sent by a Respondent will be time-stamped based on the time of receipt of such email.

Submissions must include the following elements and be limited to 30 pages or less:

1. **RESPONDENT TEAM INTRODUCTION**

- Provide an introduction to the Respondent team that clearly identifies: the team's form of organization (LLC, partnership, etc.) and business headquarters; all equity partners or participants; and any involvement in the control over the Developer entity by such parties and any non-equity members. The complete Respondent team should be established as an integrated group prior to submitting the SOQ.

- If there is more than one proposed developer entity, identify the nature of the affiliation between the proposed developer entities, including roles and responsibilities and summary points on any agreements between the parties in pursuing the Project.

- Identify the Respondent team principals and those authorized to execute and bind the team to an agreement. Include the name and/or title of the person who will be authorized to execute the LOI, ground lease, and regulatory agreement
between the Respondent and the State. Include a brief biography for each member of the Respondent team.

- Describe the four most recent and/or relevant development projects undertaken by Respondent team to date, with information that includes the project name, project location, year developed, project value at completion, development program, formal claims and disputes between project owner and Respondent, and other relevant information such as whether any project was developed pursuant to a ground lease. If Respondent is a group of developers, the history and qualifications of each should be provided. Optional: Highlight developer qualifications that are adherent to the Low-Income Housing Tax Credit program or other state or federal funding programs, experience in the locality in which in the site is located, or any experience using SB-35 in development applications.

- Provide three project references that the State can contact. The project references should be for projects that are similar to the proposed Project (preferably pursuant to a public-private agreement). Project references should be able to confirm the Respondent’s claims of past success in the entitlement and discretionary approval process, participation in public-private joint development partnerships, financing of affordable housing projects, community engagement, use of innovative design or modular construction, and continued management of developments.

2. CONCEPTUAL PLAN

- Provide a description of the conceptual uses and site program you envision for each project site Respondent team is interested in pursuing and any characteristics that you envision such as unique design features, sustainable materials, innovative housing types, onsite or offsite improvements, etc.

3. DEMONSTRATION OF FINANCIAL CAPACITY

- Provide a statement describing the Respondent’s experience and track record in securing funding for affordable projects.

- Provide portfolios of similar projects that are now complete and stabilized, including projects with similar financing requirements that were completed within the past three years to illustrate Respondent’s ability to obtain equity and debt financing for the Project.

- Describe the proposed approach to obtaining financing for the Project, including any preliminary lender feedback or interest in projects of this type.
4. REPRESENTATIONS

In their SOQs, Respondents must identify all of the following, as applicable, if any of them occurred within five years of the submission of the SOQ or RFP: defaults, any judgments, court orders, pending litigation, contractual disputes, violation notices, or other matters reflecting a violation of applicable regulations related to the operations or projects undertaken by the Developer entity or any of its individual members or affiliates exercising direct or indirect control over the development entity, including all key persons on the Respondent team.

Respondents must certify the completeness of the information provided in their SOQ submittal. The omission of information that the State deems material (determined in its sole discretion) will result in the submittal being deemed non-responsive. The State will determine, in the State’s sole discretion, whether to further review or evaluate SOQs that it deems non-responsive.
EXHIBIT LIST

EXHIBIT 1. EO N-06-19

EXHIBIT 2. Government Code section 14671.2

EXHIBIT 3. Site Map
EXHIBIT 1 - EO N-06-19

(Cover Sheet)
WHEREAS California is experiencing an acute affordable housing crisis that stifles economic growth, contributes to the homelessness epidemic, consumes an ever-growing share of the paychecks of working families, and holds millions of households back from realizing the California Dream; and

WHEREAS nearly 50 percent of California’s households cannot afford the cost of housing in their local market; and

WHEREAS for decades, California has failed to build enough homes for its growing population at all income levels, ranking 49th in the country in housing production per capita in 2016; and

WHEREAS restrictive zoning and land-use policies at the local level are a major cause of the shortfall between California’s housing needs and the available supply of housing; and

WHEREAS when communities do not build their fair share of housing, the surrounding region must absorb new residents who, as a consequence of a lack of access to affordable housing, suffer from higher rents and longer commutes; and

WHEREAS the high cost of land also significantly limits the development of affordable housing in areas with the greatest demand for new housing; and

WHEREAS state agencies own thousands of parcels of land throughout the state, some of which exceed those agencies’ foreseeable needs; and

WHEREAS excess state land is often located in or near urban areas where the need for new housing is acute; and

WHEREAS the lack of affordable housing across California is a matter of vital statewide importance; and

WHEREAS expanding housing opportunities and solving the affordable housing crisis will require a new level of innovation and cooperation between the public and private sectors; and

WHEREAS fostering housing innovation will catalyze new construction industries and spur job growth in the state; and

WHEREAS local zoning ordinances do not govern the use of state property, and the State possesses legal authority to enter into low-cost, long-term leasing agreements with housing developers and accelerate housing development on state-owned land as a public use.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, by virtue of the power and authority vested in me by the Constitution and statutes of the State of California, do hereby issue this order to become effective immediately:
IT IS HEREBY ORDERED THAT:

I. The Department of General Services shall create a digitized inventory of all state-owned parcels that are in excess of state agencies' foreseeable needs by, among other things, conducting a comprehensive survey of all state-owned land. This inventory shall be completed by no later than April 30, 2019. To meet this deadline, all agencies under my direct executive authority shall support this effort by responding to all inquiries made by the Department of General Services.

2. The Department of General Services, the Department of Housing and Community Development, and the Housing Finance Agency shall collaborate to develop two new screening tools for prioritizing affordable housing development on excess state land. The tools shall be designed to identify and evaluate parcels of excess state land:

   a. Where housing development is most likely to be economically feasible, accounting for, among other factors, a parcel's size, shape, grading, adjacencies, potential for consolidation, lack of site constraints, and proximity to job centers, education, high-frequency public transportation networks, utilities, and other services and amenities; and

   b. Where underproduction is impacting housing affordability, accounting for, among other factors, availability of affordable housing in the job and commute sheds, the gap between supply and demand, and the rate of increase in rent.

Both tools shall be developed by no later than March 29, 2019.

3. The Department of General Services, in consultation with the Department of Housing and Community Development, shall apply the new screening tools to the State's inventory of excess state real property. The Department of General Services shall generate a comprehensive map of excess state real estate parcels where development of affordable housing (a) is feasible and (b) will help address regional underproduction. The map shall overlay a graphical representation (i.e., a heat map) of where affordable housing development is most feasible and impactful. By April 30, 2019, the Department shall provide an interim progress report.

4. Where appropriate, state agencies shall consider exchanging excess state land with local governments for other parcels for purposes of affordable housing development and preservation. Parcels shall be exchanged with the goal of maximizing regional capacity to build and preserve affordable housing units.

5. The Department of General Services, in consultation with the Department of Housing and Community Development, shall issue Requests for Proposals on individual parcels and accept proposals from developers of affordable housing interested in entering into low-cost, long-term ground leases of parcels on the priority map.
a. Requests for Proposals shall address, among other considerations: the number of housing units to be built and preserved; maximization of land resources and level of affordability; feasibility of breaking ground within two years of entering the lease and completing units within three years; the individual cost per unit of construction; the use of renewable construction materials, such as cross-laminated timber; and the developer's demonstrated capacity to complete affordable housing projects.

b. Selection of projects shall catalyze and incubate innovative models for construction (such as modular or prefabrication), financing, and workforce development.

c. Bidding requirements shall include commitments to pay prevailing wages as required under the law.

6. The Department of General Services, in consultation with the Department of Housing and Community Development, shall begin to implement the above selection process no later than September 30, 2019.

7. The Department of General Services, the Department of Housing and Community Development, and other state agencies and departments shall use all existing legal and financial authority to expedite and prioritize these developments, including by giving them preference in the award of state funding, pursuant to my further direction. Agencies not under my direct executive authority are requested to do the same.

IT IS FURTHER ORDERED that as soon as hereafter possible, this Order shall be filed with the Office of the Secretary of State and that widespread publicity and notice shall be given to this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its departments, agencies, or other entities, its officers or employees, or any other person.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 15th day of January 2019.

GAVIN NEWSOM
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State
EXHIBIT 2. - Government Code section 14671.2

GC 14671.2.

Notwithstanding Section 14670, the Director of General Services, with the consent of the state agency concerned and the approval of the governing body of any concerned local agency, may let for any period of time any real property or interest in real property which belongs to the state, when the director deems the letting serves a beneficial public purpose limited to the development of housing, including emergency shelters, or park and recreation facilities. The leases shall be let in accordance with procedures prescribed by the director which facilitate development of housing or park and recreation facilities when such use is compatible with current use and foreseeable future use of the property. All proposed leases shall be reviewed by the State Public Works Board. In all cases, however, at least 25 percent of the housing units developed on state property leased pursuant to this section shall be available for the term of the lease to moderate-income persons as defined by Section 50093 of the Health and Safety Code, 12.5 percent shall be available for the term of the lease to low-income persons as defined by Section 50093 of the Health and Safety Code, and 12.5 percent shall be available for the term of the lease to very low-income persons as defined by Section 50105 of the Health and Safety Code.

In letting leases pursuant to this section, the director shall: (1) give preference to projects which provide for more affordable units than required by the percentages specified in this section; (2) determine that the project is compatible with local planning goals and environmental objectives.

The director may enter into leases pursuant to this section at less than market value, provided that the cost of administering the lease is recovered. The Department of Housing and Community Development shall recommend to the Director of General Services a lease amount which will enable the provision of housing for persons of low and moderate income.

All leases executed pursuant to this section shall contain a recital that the director has found the letting serves the required beneficial public purpose and complies with all provisions of this section, which recital shall be conclusive in favor of lessees from the state and their mortgagees.

(Amended by Stats. 1985, Ch. 1490, Sec. 1.)
EXHIBIT 3 - Site Map

MASTER RFQ SITES
JUNE 2020

CLEARLAKE
REEDLEY
RIVERSIDE
SACRAMENTO
SAN QUENTIN
TRUCKEE

PALMER, JOSHUA@DGS
CLEARLAKE LAND SWAP – CLEARLAKE, CA

Located on the South side of 18th Ave with the Dam Rd. Extension, Clearlake, Lake County consisting of approximately 16 acres. The property is near all major services in the community, the community’s largest shopping center, Adventist Health Hospital, and Woodland Community College. A new transit hub for the Lake Transit Authority is planned for a nearby county-owned property. The property can benefit from disaster Area 9% Annual Federal Low-Income Housing Tax Credits: In February 2020, the California Tax Credit Allocation Committee allocated an additional $98.6 Million in 9% Annual Federal Low-Income Housing Tax Credits to help rebuild from major fires that devastated communities in more than a dozen counties, including Lake County, in 2017 and 2018. Local stakeholders have expressed interest in building housing for veterans, students, and/or medical and hospital support staff.

Parcel numbers: 010-043-010-000 (County of Clearlake)
Acres: 16.280
REEDLEY ARMORY – REEDLEY, CA

The property is at 601 11th Street, Reedley; Fresno County, APN: 370-122-03T, consisting of approximately 2 acres of a level buildable site with utilities. The site consists of an approximately 10,664 SF structure built in 1950. Currently zoned for multi-family residential housing. City is open to impact fee waivers and amenable to streamlining the entitlement process to 90 days. Reedley is interested in affordable housing that would serve Veterans or Seniors.

Parcel numbers: 370-122-03T
Acres: 1.920
FORMER CALFIRE OFFICE – RIVERSIDE, CA

The property at 2524 Mulberry Street is the location of the former Region III Headquarters for Cal Fire and is situated just northwest and adjacent to Highway 91 and south of Highway 60. The site is 4.27 acres and is comprised of numerous improvements including 15,000+/- sf of office and 6,000+/- sf of industrial space. The improvements are reportedly in poor condition. The neighborhood is primarily residential immediately to the north and industrial to the northeast and southwest. According to the City of Riverside the zoning is R106 (Business and Manufacturing Park Zone) and the General Plan designation is B/OP (Business/Office Park). An environmental report has not been completed as of this date.

Parcel numbers: 209-130-003
Acres: 4.270
ARDEN WAY ARMORY – SACRAMENTO, CA

The property is at 440 Arden Way, Sacramento; Sacramento County, consisting of approximately 1.079 acres of a level buildable site with utilities. The site consists of an approximately 13,295 SF building built in 1949. Parking minimum on the site is eliminated because of the proximity to a Sacramento Regional Transit station. The property is zoned C-2, commercial which allows for residential by-right. Local funding sources include Affordable Housing Bond up to $100 million and impact fee waivers. Housing developments, which are consistent with all standards and policies, can receive an expedited entitlement process and be approved without a public hearing.

Parcel numbers: 275-0134-008-0000 & 275-0134-007-0000
Acres: 1.069 + 0.010 = 1.079 acres
SAN QUENTIN – MARIN COUNTY, CA

The proposed site is on the westerly most boundary of the San Quentin Prison buffer zone and comprises approximately four to five acres of a larger parcel. The legal description for the site has not been created at this date. Access is from Sir Francis Drake Boulevard and is immediate east of Drakes Cove Road. Marin County zoning is A2-B2 (Agriculture Limited) and the use code is PF (Public Facility). A Phase I is in process.

Parcel numbers: 018-152-12 (a portion of)
Acres: Approximately four to five acres of a larger 16-acre parcel
TRUCKEE FORMER CHP – TRUCKEE, CA

The former California Highway Patrol facility located at 10077 State Route 89 South in Truckee, California (Nevada County) has 1.72 acres of improved land comprised of two parcels (APN (s) 18-621-006 and 18-621-005). There are multiple structures on the property including a 6,702 sq. ft. office building and 4,320 sq. ft. of modular buildings with the earliest structure dating to 1964. The designated zoning is Public Facilities. Anchored retail is in proximity and the Truckee High school is located across State Highway 89 to the west. An environmental report was completed and based on the results of the Phase I and Limited Phase II ESA, “no environmental conditions were identified at the site that would require further environmental assessment or mitigation”. The Town is motivated and supportive of affordable housing and offer a number of incentives and streamlining opportunities. Possible site constraints include parking, proximity to I-80, and traffic impact.

Parcel numbers: 018-621-006-000 & 018-621-005-000
Acres: 1.630 + 0.090 = 1.72 acres