



# Agenda Report

City Council / Housing Authority

---

**Date:** March 22, 2022

**To:** Brian Saeki, Executive Director

**From:** Ben Pongetti, Interim Director of Community Development

**Subject:** Alpha Beta and Uptown North Sites RFQ/P – Development Team Selection

## **RECOMMENDATION**

- 1) Select the Uptown Community Partners (City Ventures, Thomas Safran and Associates, Gentefy, and SVA Architects) as the top development team under the Surplus Land Act compliant Alpha Beta and Uptown North Sites RFQ/P process;
- 2) Direct the City Manager/Executive Director to negotiate an Exclusive Negotiation Agreement (ENA) with the selected team over a six-month period; and
- 3) Name The Olson Company, LINC Housing, and National Community Renaissance as second place in the RFQ/P process. In the event the parties with the top development team are unable to reach an agreement during the six-month period, the City Manager/Executive Director is authorized to enter into ENA negotiation with the second place development team.

## **BACKGROUND**

On June 30, 2010, the former Whittier Redevelopment Agency acquired the Alpha Beta Site, located at 12813 Bailey Street, 6557 Comstock Avenue, and 12802 Hadley Street, from the City of Whittier for a future affordable housing project. The Alpha Beta Site, bounded by Hadley, Comstock, Bailey, and Milton, is shown on Attachments A and B. Pursuant to AB X1 26, on February 1, 2012, the Whittier Redevelopment Agency was dissolved by State Law. On February 25, 2013, the State Department of Finance issued a letter confirming the transfer of the housing assets, including the Alpha Beta Site, to the Whittier Housing Authority, which accepted the transfer of all the housing assets and liabilities by Resolution No. WHA-13-01 on June 25, 2013.

On September 29, 2017, the Governor signed SB166 and on September 27, 2018, the Governor signed SB1333, which applied SB166 to charter cities and went into effect on January 1, 2019. This legislation, codified in Government Code Section 65863 (No Net Loss Law), requires sufficient development sites to remain available throughout the planning period to accommodate a jurisdiction's regional housing needs assessment (RHNA), especially for lower- and moderate-income households.

On November 13, 2018, pursuant to Health and Safety Code Section 34176.1, the City Council adopted Resolution No. 9008 extending the time period for holding the Alpha Beta Site an additional five years to February 25, 2023. The property was retained for development of housing affordable to persons and families of low and moderate-income.

On October 9, 2019, the Governor signed AB1486 making substantial changes to the disposition process for the sale of surplus real property. The amended Surplus Land Act rules require the surplus property to be first offered, via written notice and mandatory timeframes, to affordable housing developers proposing the most housing units with the deepest affordability levels.

In April 2021, the State Department of Housing and Community Development (HCD) released final guidelines to implement the Surplus Land Act, Government Code Sections 54220-54233. Draft guidelines were previously circulated.

On March 23, 2021, the City Council/Authority directed circulation of an RFQ/P for eight scattered sites totaling 6.64 acres as shown in Attachments A and B. The eight scattered sites include the Alpha Beta site and all City-owned Uptown property north of Philadelphia Street and west of Bright Avenue. The Friends of the Library site was also included in the RFQ/P. While the historic building would likely remain, the surrounding parking area could be repurposed or developed. Prior to issuing the RFQ/P, the City/Authority received approval from State HCD to use the “Exempt Surplus” procedures of the Surplus Land Act. Under the Exempt Surplus procedures, the City/Authority can select a qualified development team to develop a large-scale catalytic project for Uptown Whittier that will implement the goals and objectives of the Specific Plan and replace/share permanent parking under the “Park Once” District Specific Plan directive. Other components include small-scale open space, and the potential for ground-floor retail or other commercial uses that complement and enhance the livability of the residential units and Uptown overall.

On May 26, 2021, the City/Authority received submittals from the following three qualified development teams under the RFQ/P.

- The Michaels Organization, Steelcraft, Studio One Eleven, Fong Hart Schneider and Partners
- The Olson Company, LINC Housing, National Community Renaissance (CORE), City Fabrick
- Uptown Community Partners, consisting of City Ventures, Thomas Safran and Associates, Gentefy, and SVA Architects

On July 27, 2021, the City Council directed staff to circulate the more detailed Phase II RFP to each of the three development teams to gather more development specifics and financial information.

Partnering with a qualified development team would also allow the City/Authority to fill the financial gap created by required long-term affordability covenants using a portion of the Authority’s Low- and Moderate-Income Housing Asset Fund (LMIHAF) and the City’s Home Investment Partnership funds (HOME). The RFQ/P process prioritized the selection of a development team with a successful track record of building mixed-use condominiums and affordable apartments of similar size and scope. The preferred

development team would also have expertise in applying for and acquiring other government funding, specifically Affordable Housing Sustainable Communities (AHSC) grant money, and/or Federal Low-Income Housing Tax Credit (LIHTC) funding. AHSC can provide up to \$30 million for actions that reduce greenhouse gas emissions. Typically, awardees are a partnership between a Developer, City, and Transit Provider that propose affordable housing development with infrastructure and operational improvements to transit, urban greening, and pedestrian/bicycle access. The proposed Uptown Streetscape improvement project and Whittier “People Mover” concept (and additional connectivity to the Greenway Trail) could potentially benefit from such catalytic funding.

Completion of the new 351-car parking structure on Comstock Avenue added approximately 244 new spaces to the Uptown parking supply and facilitates the overall RFQ/P project concept. These new spaces will provide parking closest to the Uptown Core and enable the potential densification and reuse of outlying City-owned parking lots as well as eliminating the need for temporary parking spaces at the Alpha Beta site. This strategy will further implement the “Park Once” district directed in the Uptown Specific Plan and under Ordinance No. 2963 by advantageously consolidating and sharing parking.

On September 22, 2021, the three Development Teams submitted their Phase II proposals and on September 29, 2021, staff received presentations from each team.

On January 31, 2022, the three Development Teams submitted refinements to their proposals as requested by City staff and consultants.

Issuance of the RFQ/P and selection of a development team is exempt from the California Environmental Quality Act, but further evaluation will be required if a conceptual project is eventually moved to the planning entitlement phase.

## **DISCUSSION**

The City/Authority’s RFQ/P process advances the City Council’s multi-faceted goals for Uptown while complying with applicable laws. The conceptual larger-scale catalytic project could help to initiate development in the Uptown area as directed by the 2008 Specific Plan. The process prioritized selecting a development team with a successful track record of building mixed-use ownership condominiums and affordable apartments of similar size and scope. The development team was also required to have expertise in applying for and acquiring outside government funding sources.

The proposals included development specifics and financial pro forma analysis that were analyzed by City staff and Keyser Marston Associates, Inc., the City’s economist. Identified issues were clarified in requested revisions from each of the development teams.

Staff recommends selecting Uptown Community Partners (City Ventures, Thomas Safran and Associates, Gentefy, and SVA Architects) as the top development team under the Surplus Land Act compliant Alpha Beta and Uptown North Sites RFQ/P process and directing the City Manager/Executive Director to negotiate an Exclusive Negotiation Agreement with the selected team over a six-month period. Staff's recommendation also includes naming The Olson Company, LINC Housing, and National Community Renaissance as second place in the RFQ/P process. Taking this action will allow the City/Authority to remain compliant with the Surplus Land Act process, if for some reason it becomes necessary to engage with the second-place development team at a later date.

The Uptown Community Partners team has the following qualifications:

- Construction of approximately 26,000 housing units, primarily in California.
- Extensive experience in partnerships with public agencies
- Infill housing expertise including market-rate and affordable condominiums and apartments
- AHSC expertise with many funding awards from the Strategic Growth Council including approximately \$22 million in the last round.
- Low-Income Housing Tax Credit experience

The Uptown Community Partners team proposal included:

- Well-articulated development vision – breaking Alpha Beta site down into component parts with pedestrian linkages and a small urban park.
- 344 housing units comprised of 229 ownership units and 115 rental units served by over 500 new parking spaces.
  - Of the 229 ownership units 25 would be affordable to moderate-income households
  - Of the 115 rental units 86 would be available to very low-income households and another 28 would be available to moderate income households, the remaining unit would be designated for onsite management.
- Affordable apartments on Lots 5 and 6.
- Approximately 5,000 square feet of commercial space.
- Development of between 3 and 5 stories in height in general compliance with the Uptown Whittier Specific Plan as modified by State Density Bonus Law.
- The City's economist has confirmed the conceptual project as financially feasible.
- New value of approximately \$200 million
- Funding to the City of approximately \$15 million from several sources that could be utilized under grant regulations and at the City's discretion for parking, circulating the people mover, streetscape/pedestrian improvements, and potential Greenway Trail connectivity.

While a six-month term is being recommended as the maximum time period for negotiating the exclusive negotiation agreement, it is anticipated that the process will move forward more rapidly on the following schedule:

- March 22 – Council/Authority selects top development team and directs the City Manager to begin negotiations.
- April 26 - Council/Authority considers negotiating points in closed session.
- May 10 - Council/Authority considers negotiating points in closed session.
- May 24 or June 14 – Council/Authority considers formal open session approval of Exclusive Negotiation Agreement.

### **FISCAL IMPACT**

There is no fiscal impact associated with this report. The staff, consultant, and attorney time anticipated to be utilized during the process can be accommodated by the existing budget.

### **STRATEGIC PLANNING GOAL**

- Ensure Long-Term Fiscal Sustainability
- Maintain & Enhance Quality of Life

### **ATTACHMENTS**

- A. RFQ/P Map
- B. RFQ/P Aerial