



AGENDA SUMMARY EUREKA CITY COUNCIL

TITLE: Award Bid No. 2023-21 for Affordable Housing Projects on City-owned Properties II

DEPARTMENT: Development Services - Planning

PREPARED BY: Cristin Kenyon, AICP, Development Services Director

PRESENTED FOR: Action Information only Discussion

RECOMMENDATION

Adopt a "Resolution declaring Eureka Community Partners the preferred proposer of BID No. 2023-21: Affordable Housing Projects on City-owned Properties II, Parking Lots at 5th and D Streets and 6th and L Streets Request for Proposal (RFP); finding the project to develop affordable housing at Sites City-4 and City-5 exempt from CEQA; and, authorizing the City Manager to proceed with a Memorandum of Agreement."

FISCAL IMPACT

No Fiscal Impact Included in Budget Additional Appropriation

COUNCIL GOALS/STRATEGIC VISION

2040 General Plan's 2019-2027 Housing Element:

- IMP H-34: Affordable Housing on City-owned Properties.

DISCUSSION

To help alleviate our local housing crisis and help the City achieve its Regional Housing Needs Allocation (RHNA) as required by the State Department of Housing and Community Development (HCD), the City's 2019-2027 Housing Element includes Implementation Program IMP H-34: Affordable Housing on City-Owned Properties. This program involves a Request for Proposal (RFP) process whereby fourteen City-owned parcels at eight separate locations will be put up for lease or sale to affordable housing developers, with a goal of contractually requiring developers to construct at least 330 deed-restricted affordable housing units on City-owned parcels by 2028.

On April 4, 2023, Council reviewed and approved a draft 2023 RFP package soliciting affordable housing projects on the City-owned properties at 5th and D Streets and 6th

and L Streets, referenced as Sites City-4 and City-5. The purpose of the RFP is to identify a developer with interest, resources, and experience to create affordable housing on the subject sites. The RFP proposals were due on June 8, 2023, and the City received three proposals (Attachments 2, 3 and 4) in response to the RFP by the deadline:

1. **Eureka Community Partners (Brinshore Development LLC and Operative Office), Evanston, IL/Venice, CA and Los Angeles, CA:** Development of both sites for a total of 72 units:
 - a. Site City-4: 5th and D Streets: 36 units comprised of 16 one-bedroom, 10 two-bedroom, and 9 three-bedroom units for households earning 30% of the Area Median Income (AMI) (very low income), and one three-bedroom manager's unit.
 - b. Site City-5: 6th and L Streets: 36 units comprised of 16 one-bedroom, 10 two-bedroom, and 9 three-bedroom units for households earning 30% AMI (very low income), and one three-bedroom manager's unit.

2. **Wiyot Tribe/Dishghamu Humboldt CLT, Loleta, CA:** Development of both sites for a total of 93 units:
 - a. Site City-4: 5th and D Streets: 41 units comprised of 14 one-bedroom, 16 two-bedroom, 6 three-bedroom, and 5 four-bedroom units, of which 15 units will be for households earning 30-50% AMI (very low income), 10 unit for 50-80% AMI (low income), and 16 units for 80-120% AMI (moderate income).
 - b. Site City-5: 6th and L Streets: 52 units comprised of 24 studios, 20 one-bedroom, and 8 two-bedroom units, of which 15 units will be for households earning 30-50% AMI (very low income), 11 units for 50-80% AMI (low income), and 26 units for 80-120% AMI (moderate income). The development at Site City-5 is intended to serve independent elders.

3. **Danco Communities, Arcata, CA:** Development of one site with 36 units:
 - a. Site City-4: 5th and D Streets: 36 units comprised of 3 studios, 15 one-bedroom, 9 two-bedroom and 8 three-bedroom units for households earning 30-60% AMI (very low to low income), and one three-bedroom manager's unit.

Attachment 5 provides the 2023 Income Limits for Humboldt County.

On June 27, 2023, the review panel met and reviewed the three proposals based on the evaluation selection criteria described in the RFP. Each panel member provided a completed scoring worksheet which was tabulated into a scoring matrix (Attachment 1).

Out of a total of 100 scoring points, Eureka Community Partners had the highest average score with 89.8 points, Dishghamu Humboldt had an average of 76.2 points, and Danco had an average of 69 points. Therefore, Staff recommends the City Council declare Eureka Community Partners as the preferred proposer.

After a round table discussion with the selection panel members, it was apparent Eureka Community Partners received the highest score because they addressed every RFP scoring criterion, have significant experience securing funding for and developing affordable housing projects throughout the United States, provided evidence of significant financial capability, and clearly indicated their commitment to working with the community for final design and operating plans.

Danco has demonstrated experience in financing and constructing affordable housing locally, but did not address every RFP scoring criterion, only proposed housing on one of the sites, and didn't provide the same level of effort in their proposal document as the other two respondents.

Dishgamu Humboldt proposed the largest number of units and had appealing conceptual building designs, and an impactful mission, vision and values description, but didn't demonstrate experience with similar projects or financial capacity in their response. Although Eureka Community Partners ultimately received the highest overall score for this RFP, Dishgamu Humboldt's mission of returning Wiyot ancestral lands to Wiyot people is powerful, and City Staff recommends considering other sites where the City can partner with Dishgamu Humboldt on affordable housing in the future.

Upon approval by the City Council, the City Manager will enter into a Memorandum of Agreement (MOA). The MOA will establish: 1) the general tasks to be undertaken by the Developer and City during the term of this Agreement; and, 2) the procedures and standards for the negotiation by the City and Developer for a future Disposition and Development Agreement (the "DDA") which will be brought back to Council for approval at a later date if an agreement satisfying both parties is obtained.

ENVIRONMENTAL

The future development of affordable housing on Sites City-4 and City-5 is a project subject to the provisions of the California Environmental Quality Act (CEQA). However, the project is exempt from CEQA pursuant to Public Resources Code (PRC) Sections 21159.21 and 21159.23 and CEQA Guidelines Sections 15192 and 15194 because the project (1) meets the eligibility criteria for the affordable housing exemption; and (2) does not trigger the land use and environmental thresholds and exceptions for affordable housing and residential infill projects (refer to Attachment 6, CEQA Exemption Memo).

Attachments:

1. RFP Scoring Matrix
2. Eureka Community Partners (Brinshore Development LLC and Operative Office) RFP Response
3. Danco Communities RFP Response
4. Wiyot Tribe/Dishghamu Humboldt CLT RFP Response
5. 2023 Income Limits for Humboldt County
6. CEQA Exemption Memo

7. City Council Resolution

REVIEWED AND APPROVED BY:

- City Attorney
- City Clerk/Information Technology
- Community Services
- Development Services
- Finance
- Fire
- Human Resources
- Police
- Public Works