



Agenda Report

March 27, 2017

TO: Honorable Mayor and City Council

FROM: Housing and Career Services Department

SUBJECT: AUTHORIZATION TO ENTER INTO A PROFESSIONAL SERVICES CONTRACT WITH DAVID PAUL ROSEN & ASSOCIATES IN AN AMOUNT NOT TO EXCEED \$90,000 TO PROVIDE FINANCIAL CONSULTING SERVICES FOR THE CONCORD SENIOR HOUSING PROJECT

RECOMMENDATION:

It is recommended that the City Council take the following actions:

- 1) Find that the recommended action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3), as it will not have a potentially significant environmental effect and, therefore, falls under the "General Rule" exemption; and
- 2) Authorize the City Manager to enter into a contract, without competitive bidding pursuant to City Charter Section 1002(F) Contracts for Professional Services, with David Paul Rosen & Associates in an amount not to exceed \$90,000 for professional consultant services in connection with the Concord senior housing project.

BACKGROUND:

The Concord is a 14-story, 150-unit low income senior citizen rental housing complex located at 275 E. Cordova Street. It was built in 1966 with "Section 202" program funding from the U. S. Department of Housing and Urban Development (HUD). In 1987 the City sought to preserve the long-term affordability of the Concord, culminating in the City's purchase of the fee title to the land from owner Retirement Housing Foundation (RHF) in 1989. The land acquisition cost of \$1.5 million was funded by the City's Fire and Police Retirement System. Since 1989, RHF has operated the Concord as a tenant under a ground lease agreement with the City. RHF is seeking to restructure the Concord, which would include refinancing with tax-exempt bonds and tax credits, acquiring the land from the City, and rehabilitating the apartment complex to current market standards.

Formal negotiations on restructuring the Concord commenced between the City and

CONTRACT WITH DRA FOR CONCORD PROJECT

March 27, 2017

Page 2 of 3

RHF in May 2015. During this initial phase of the transaction the firm of David Paul Rosen & Associates (“DRA”), as the contractor selected by the City through a Request For Proposals that was released in May 2015, provided housing financial consulting services to the City under a professional services contract (Contract #30209) in the amount of \$39,499 for the period October 13, 2015 through February 29, 2016.

As a result, basic transaction terms were negotiated between the City and RHF and, on September 19, 2016, the City Council directed staff to return with a recommendation on the finalized business points of a Disposition, Development and Loan Agreement (“DDLA”) between the City and RHF. This phase of the transaction will require a qualified housing financial consultant to assist staff by providing advisory services which will span the evaluation and negotiation of the final DDLA business points through the closing of the financial restructuring. A staff recommendation on the final DDLA business points are anticipated to be brought to City Council in June 2017.

CONSULTANT SELECTION:

The Housing and Career Services Department (the “Department”) undertook efforts to procure a consultant for this next phase of the Concord Project with the issuance of a request for proposals on February 8, 2017 (the “RFP”). The RFP was published on Planet Bids and posted on the website of the Housing and Career Services Department (the “Department”). Direct solicitations were also sent to seven (7) firms on the Department’s outreach list of consultants that specialize in affordable housing financial services. A total of 21 vendors downloaded the RFP through Planet Bids. One (1) proposal, from DRA, was submitted by the RFP deadline.

DRA, based in Lafayette, CA, is a highly qualified and experienced professional consultant firm in the area of affordable housing financing and development. DRA was founded in 1980 and maintains a comprehensive practice in affordable housing development advisory services. DRA has advised clients in 45 states and more than 250 jurisdictions on affordable housing finance policy, development underwriting, origination, asset management, strategic planning, community development and sustainability. DRA’s qualifications that are directly relevant to the Concord project include extensive experience in working with HUD and non-profit sponsors to successfully restructure and preserve at-risk HUD-financed housing projects throughout Los Angeles County.

SCOPE OF WORK:

Under the proposed contract scope of work, DRA will provide financial consultant services for the City on the financial restructuring, rehabilitation, and preservation of the Concord. Services to be provided by DRA will include reviewing and analyzing all relevant project financial and transaction documents, advising staff on negotiations with RHF, and assisting staff on the closing of the project financing.

COUNCIL POLICY CONSIDERATION:

This proposed action supports the City Council Strategic Planning Three-Year Goals in the area of maintaining fiscal responsibility and stability.

ENVIRONMENTAL ANALYSIS:

The proposed action is exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061 (b)(3), the "General Rule" provision of CEQA which applies to projects which may have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The authorization to enter into a contract with David Paul Rosen & Associates for the provision of professional consultant services in connection with the Concord senior project will not have a significant effect on the environment and, hence, is not subject to CEQA.

FISCAL IMPACT:

Funding for the proposed contract are available in the Department's FY2017 operating budget to cover this contract cost.

Respectfully submitted,



WILLIAM K. HUANG
Director of Housing and Career Services

Prepared by:



JAMES WONG
Senior Project Manager

Approved by:



STEVE MERMELL
City Manager