



May 24, 2021

TO: Capitol Area Community Development Corporation CACDC Board of Directors

**SUBJECT: May 27, 2021 Special Board Meeting
AGENDA ITEM 6
STATE OF CALIFORNIA R STREET WAREHOUSE SITE REQUEST FOR
QUALIFICATIONS**

CONTACTS: Todd Leon, Development Director (Staff)
Wendy Saunders, President

RECOMMENDED ACTIONS:

Staff recommends the CACDC Board of Directors adopt a resolution approving the following actions:

1. Authorize the CACDC President to respond to the State of California's Request for Qualifications and subsequent Request for Proposals in partnership with CFY Development to develop affordable housing on the State's former R Street Warehouse located at 805 R Street
2. Authorize the CACDC President to enter into a Memorandum of Understanding between the CACDC and CFY Development regarding the roles and responsibilities of the parties in undertaking a project at 805 R Street.

BACKGROUND

On January 15, 2019, Governor Gavin Newsom signed Executive Order N-06-19 (EO) (see **Attachment 1**) 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, enter into low-cost long-term ground lease agreements with housing developers and accelerate affordable housing development on State-owned land for public benefit.

On May 10, 2021, The State issued an RFQ seeking respondents capable of developing affordable housing on six excess state-owned properties including the former DGS warehouse located at 805 R Street in Sacramento, California. RFQ responses for all listed sites in the RFQ are due on June 14, 2021. Selected qualified respondents will be invited to respond to a Request for Proposal due later this year.

ANALYSIS

The recommended action is to authorize CACDC staff to prepare a response to the RFQ in by the July 14, 2021 due date. In order to meet the developer experience qualifications set forth in the

State's RFQ, the CACDC will need to partner with an affordable housing developer. Given the CACDC's previous positive experiences with CFY Development to develop both 1717 S Street and 1322 O Street, and given the unique location of the site, staff is recommending once again entering into a partnership with CFY Development to pursue the 805 R Street affordable housing site.

Attachment 2 is a draft Memorandum of Understanding between CACDC and CFY that outlines the anticipated role of each organization in the proposed project. If the partnership is successful in obtaining the development site opportunity from the state, these initial terms will be defined in detail in a partnership agreement.

FINANCIAL IMPACT

Financial impact at this time is limited to staff time needed to draft and submit a response to the RFQ/P.



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

Locations: Atascadero, Gilroy, Montebello, and
Sacramento, CA

Released: May 10, 2021

Due: 5:00 pm PT on June 14, 2021



STATE CONTACT

Josh Palmer
Department of General Services
Asset Management Branch
707 3rd Street, 5th Floor
West Sacramento, CA 95605
joshua.palmer@dgs.ca.gov

PROJECT WEBSITE

Page: [Executive Order N-06-19 Affordable Housing](#)

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

RFQ SCHEDULE AND SUBMISSION INSTRUCTIONS

The following Request for Qualifications (RFQ) timeline is provided for the Respondent's scheduling information but is subject to change at the State's discretion.

Activity	Date
Request for Developer Qualifications Released	May 10, 2021
RFQ Questions and Requests for Clarifications Due	May 24, 2021 5:00PM Pacific Time
State Response to RFQ Questions/Clarifications	June 1, 2021
RFQ Submittal Deadline	June 14, 2021 5:00PM Pacific Time

Parties responding to this RFQ ("Respondent(s)" or "Respondent Team(s)") must submit their response via email to joshua.palmer@dgs.ca.gov. The State must receive responses to this RFQ through a Statement of Qualifications (SOQ) no later than the deadline listed above.

It is the Respondent's sole responsibility to ensure that the SOQ is received by the State before the deadline listed above. All emails sent by a Respondent will be time-stamped based on the time of receipt of such email.

SOQs must include the elements listed below. The page limit for the SOQ without exhibits is 15 pages; there is no page limit for exhibits.

All questions and/or requests for clarification should be sent to the state contact's email



address. The State will respond to questions and/or requests for clarification by emailing one attachment containing *all* questions and requests for clarification received by the deadline, along with an answer for each, via bcc to the email address(es) which submitted the questions and/or requests for clarification to the State by the applicable deadline.

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 1) 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, enter into low-cost long-term ground lease agreements with housing developers and accelerate affordable housing development on State-owned land for public benefit.

The State is pleased to issue this RFQ for respondents capable of developing affordable housing on the excess state-owned property listed in this RFQ that will be consistent with and help fulfill state, regional, and local goals, including affordability and feasibility.

Projects must be consistent with §14671.2 of California Government Code (see Exhibit 2).

In their response to this RFQ, respondents may respond to all excess sites or select 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 coordinating with each of the localities as it deems needed in its selection of a development team and creation of a development program.

The State expects to evaluate the responding SOQs and then, provided that a) one or more SOQs are sufficient, and b) the State wishes to move forward with the site, the State will issue a Request for Proposals (RFP) individually for each site. Selected Respondents will be invited to respond to the RFP. The State reserves the right to invite additional Respondents to the RFQ and/or RFP. At the conclusion of the RFP process, the State intends to enter into an Exclusive Negotiating Agreement (ENA) and/or Lease Option Agreement (LOA) with the Respondent whose qualifications and development proposal the State deems best suited to achieve the

Principles and Objectives described in this RFQ. 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.

The location and description of each excess state-owned property included in this RFQ is in Exhibit 3.

PROGRAM PRINCIPLES AND OBJECTIVES

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. While housing affordability is paramount, the State recognizes that this program presents an opportunity to leverage development for multi-benefit outcomes.

To help solve the affordable housing crisis in alignment with other priorities, the State is seeking SOQs from Respondents who can demonstrate the capacity, creativity and commitment needed to support the Principles and Objectives listed below. Should a site move forward to the RFP phase, these Principles and Objectives will inform the RFP scoring and threshold requirements. The Principles and Objectives do not have equal value; the weighting and prioritization will be communicated and resolved through the RFP request and scoring system.

- 1) **Affordability:** Maximize depth and breadth of affordability while maintaining financial feasibility.
- 2) **Financing Innovation:** Implement innovative financing models which reduce the necessity of scarce public resources. Examples of scarce public resources include Low Income Housing Tax Credits, tax-exempt bonds, and state/local housing programs.
- 3) **Timing Efficiency and Financial Feasibility:** Strategically deliver on the timing goals of the EO by maximizing financial feasibility and accelerating delivery.
- 4) **Accessibility:** Provide accessible housing for all Californians by meeting or exceeding the requirements of the California Building Code and local requirements by maximizing universal design principles.
- 5) **Sustainability and Resiliency:** Incorporate State and/or local emphasis on sustainable construction, energy consumption and ecological resilience.
- 6) **Construction Innovation and Cost Efficiency:** Explore the extent to which innovative construction technology and/or other cost-saving measures can be incorporated at this location resulting in reduced total project costs, reduced construction duration, and/or improved building performance while maintaining quality of construction.

- 7) **Outreach, Partnership, and Collaboration:** Integrate local stakeholder, government and community input through a meaningful public participation process and conversation so that the proposed development addresses local housing needs.
- 8) **Utilize framework of State Sovereignty to achieve better outcomes:** Leverage the framework of State Sovereignty as further described in Exhibit 4 to maximize both the Principles and Objectives of this RFQ as well as state planning priorities regarding land use and density.
- 9) **Equity:** Incorporate meaningful measures into the project that will achieve measurable racial equity outcomes. Examples include but are not limited to construction-related programs, commercial tenant programming, and/or ownership partners.
- 10) **Respondent Capacity:** Demonstrate the Respondent's financial capacity and experience necessary to successfully implement the envisioned plans, and to overcome possible setbacks in the development process.
- 11) **Quality Architecture and Contextual Design:** Deliver a project that meets generally accepted principles of quality architectural design, and that takes nearby services, transportation, amenities, and planned improvements into consideration.

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 Principles and Objectives as listed above and demonstrate capacity for achieving them.
- Demonstrate the Respondent's capabilities and prior experience in analyzing and balancing competing objectives.

EVALUATION CRITERIA AND SUBMISSION REQUIREMENTS

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 evaluation criteria which align with the corresponding submission requirements.

- 1) Respondent Team Introduction
 - a) Evaluation Criteria: NA
 - b) Submission Requirements:
 - i) 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.
 - ii) 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.
 - iii) 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 ENA, LOA, ground lease, and/or regulatory agreement between the Respondent and the State. Include a brief biography for each principal member of the Respondent Team.
 - iv) Identify which sites of the sites 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).
- 2) Demonstration of Experience
 - a) Evaluation Criteria: The overall track record of the Respondent Team (including the development company and its proposed project manager and any proposed contractors and partners) in planning, financing, developing, managing, and maintaining applicable development projects, including experience developing affordable housing in California.
 - b) Submission Requirements:
 - i) 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 completed, project value at completion, development program, 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. Highlight developer

qualifications that are adherent to the Low-Income Housing Tax Credit program or other state or federal funding programs and experience in the locality or region in which the site(s) you selected is located.

- ii) Provide three project references that the State can contact. The project references should be for projects that are similar to the project envisioned in the SOQ. 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/or continued management of developments.
- iii) Provide a portfolio 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 (including "soft debt") for the Project.

3) Capacity for achieving Program Principles and Objectives

- a) Evaluation Criteria: Respondent Team's ability to demonstrate past success in specifically implementing one or more of the Program Principles and Objectives, as well as how well the Respondent Team intends – at a high level – to incorporate the Program Principles and Objectives into the selected site(s).
- b) Submission Requirements:
 - i) Provide examples of past success in implementing one or more of the Program Principles and Objectives. It is acceptable to cite the same example(s) for parts 2 and 3 of this section.
 - ii) Describe your intended plan for incorporating one or more of the Program Principles and Objectives into the selected site(s).

4) Demonstration of Financial Capacity

- a) Evaluation Criteria: The financial capacity of Respondent Team to complete and manage the Project, including demonstrated abilities in financial innovation, adaptability, and command of emerging opportunities.
- b) Submission Requirements:
 - i) Provide a statement describing the Respondent's experience and track record in securing funding for affordable projects.
 - ii) Include most recent audited financial statements in an exhibit to SOQ (one year).
 - iii) Describe the proposed approach to obtaining financing for the Project.

5) Conceptual Plan

- a) Evaluation Criteria: The conceptual development plan (architectural work optional) and the ability of that plan to meet the applicable Principles and Objectives as described in this RFQ.

b) Submission Requirements:

- i) Provide a conceptual description of the uses and site programming you envision for each selected site, including any characteristics you envision such as unique design features, sustainable materials, innovative housing types, onsite or offsite improvements, etc.
- ii) Describe your approach to the Project in light of State Sovereignty and the opportunities and challenges it can provide. See Exhibit 4.

6) Additional Requirements and Representations

a) Evaluation Criteria: NA

b) Submission Requirements:

- i) In their SOQs, Respondents must include an exhibit which identifies all of the following, as applicable, if any of them occurred within five years of the submission of the SOQ: 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.
- ii) Respondents must certify that none of the items listed in the exhibit described above will in any way impede their ability to execute upon the business plan inherent with the SOQ.
- iii) Respondents must certify the completeness of the information provided in their SOQ. The omission of information that the State deems material (determined in its sole discretion) will result in the SOQ 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.
- iv) Provide detail for any assessed and/or outstanding CDLAC and/or CTCAC Negative Points and/or outstanding HCD compliance issues.



EXHIBIT LIST

EXHIBIT 1. EO N-06-19

EXHIBIT 2. Government Code Section 14671.2

EXHIBIT 3. Site Information and Maps

EXHIBIT 4. State Sovereignty and Entitlements Under EO N-06-19



EXHIBIT 1 - EO N-06-19

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EXECUTIVE DEPARTMENT STATE OF CALIFORNIA

EXECUTIVE ORDER N-06-19

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:

1. 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.

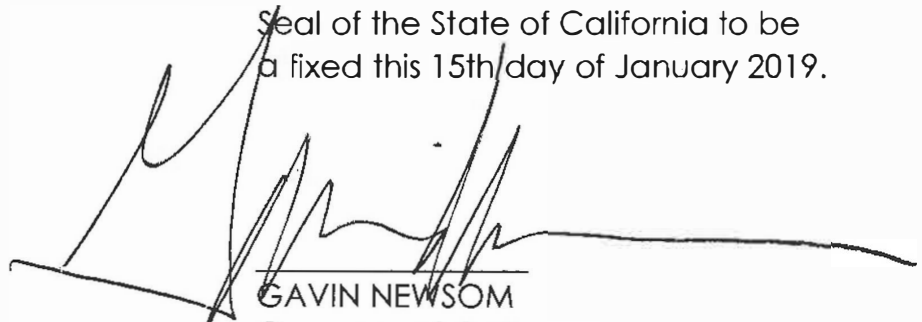
3. The Department of General Services, in consultation with the Department of Housing and Community Development, shall apply the new screening tools to the State's inventory of excess state real property. The Department of General Services shall generate a comprehensive map of excess state real estate 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

<https://codes.findlaw.com/ca/government-code/gov-sect-14671-2.html>



EXHIBIT 3 – SITE INFORMATION AND MAPS

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Atascadero Armory

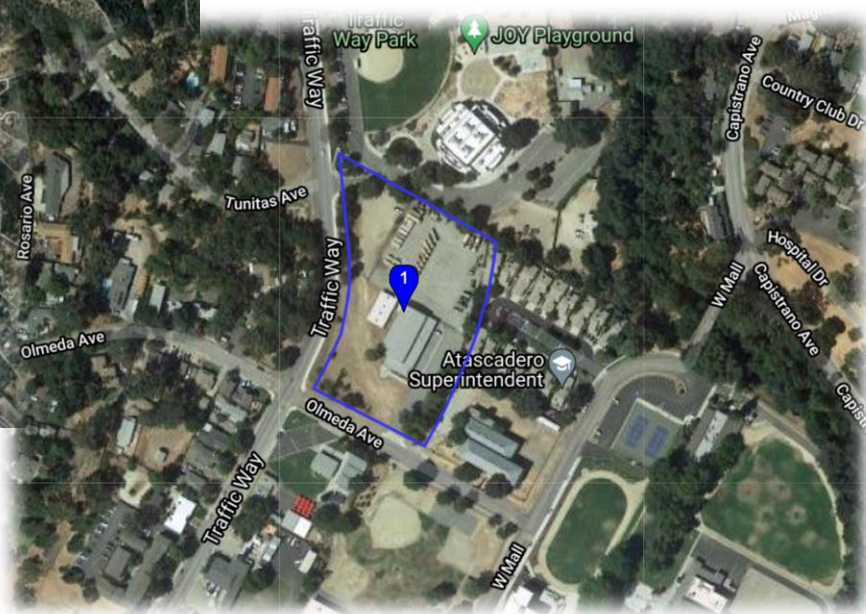
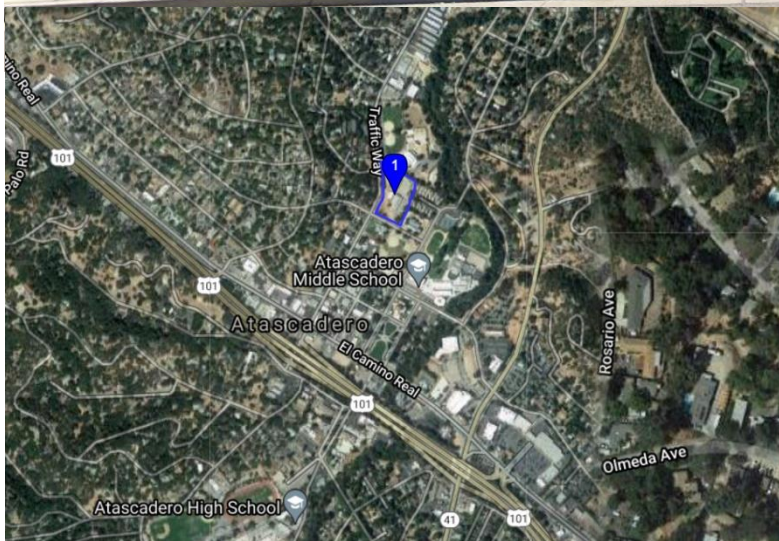
6105 Olmeda Avenue, Atascadero, CA 93422

Building: 10,644 s.f.

Parcel: 029-091-001

Size: 3.569 acres

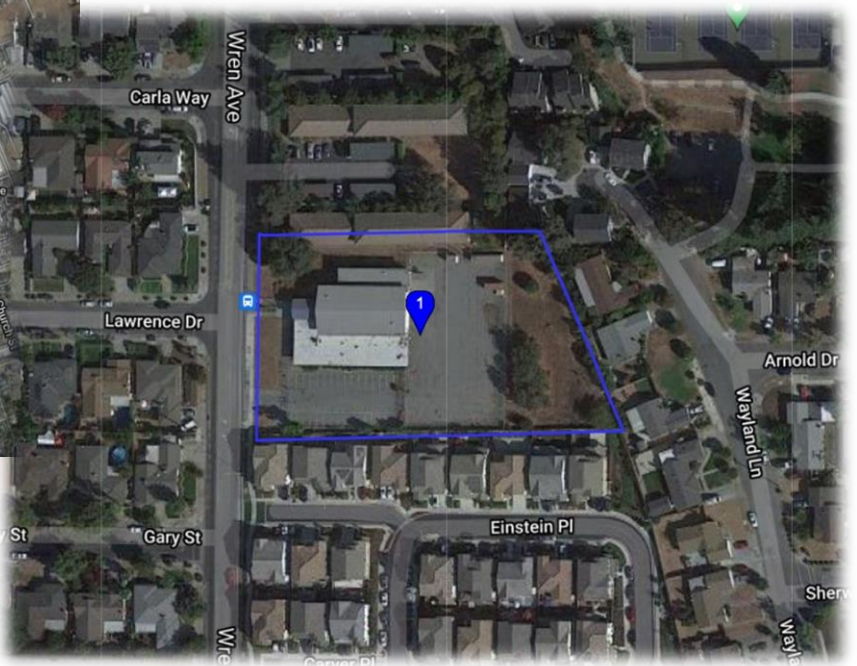
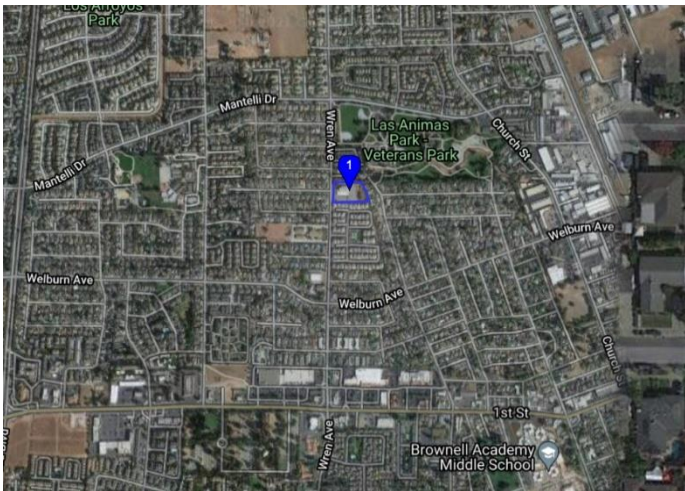
Phase I Environmental Assessment underway. No known hazmat condition; not used for firing range. Notes: City has expressed interest in acquiring property for new firehouse.



Gilroy Armory

8490 Wren Avenue, Gilroy, CA 95020
Building: 11,059 s.f.
Parcel: 790-25-032
Size: 1.99 acres

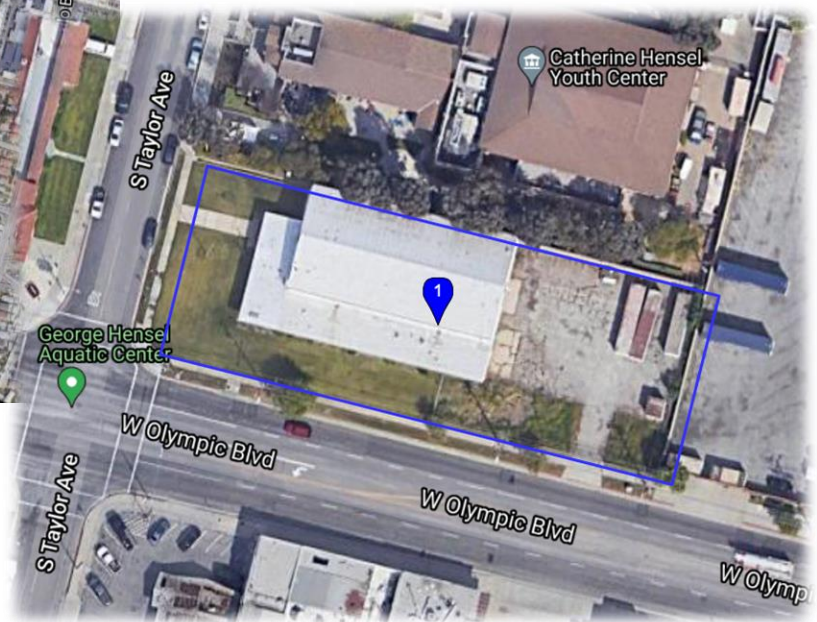
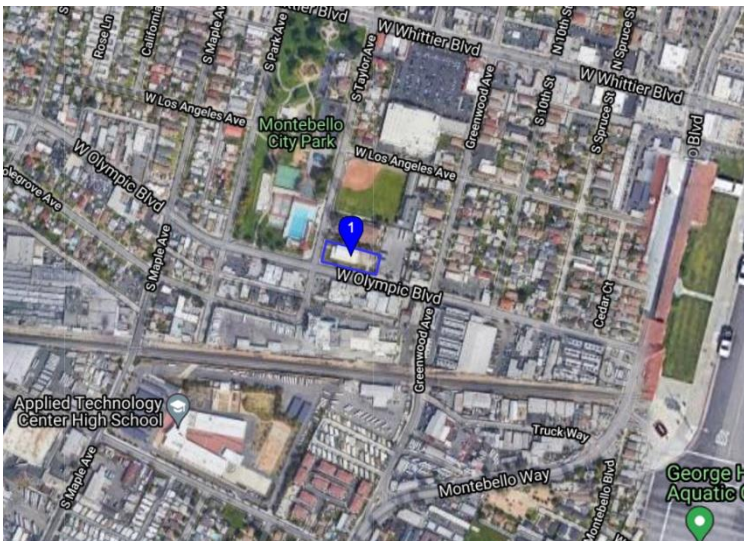
Phase I Environmental Assessment underway. No known hazmat condition; not used for firing range. Notes: Santa Clara County currently operates the armory as a homeless shelter under a license agreement with CMD that expires December 31, 2021. County has plans to relocate shelter.



Montebello Armory

244 George Hensel Dr., Montebello, CA 90640
Building: 10,664 s.f.
Parcel: 6350-011-901
Size: 0.758 acre

Phase I Environmental Assessment underway. No known hazmat condition; not used for firing range. Notes: City owns adjacent 4+/- acres that may become surplus and available for affordable housing.



R Street Warehouse

805 R Street, Sacramento, CA 95811
 Building: 38,409 s.f.
 Parcel: 006-0266-014-0000
 Size: 0.90 acre

Former EDD warehouse. Phase I Environmental Assessment completed October 2017, update January 2018; Findings: “Based upon the information obtained during this assessment, it is our opinion that: potentially hazardous materials both inside and outside the warehouse building are present and represent RECs; these RECs will require special attention during demolition activities; and the potential for subsurface contamination at the Project site at concentrations that may require statutory cleanup is **low** with no historic or current RECs (or VEC) noted. Current and past activities in proximity of the Project site do not appear to have impacted the Project site.”





EXHIBIT 4 – STATE SOVEREIGNTY AND ENTITLEMENTS UNDER E.O. N-06-19

Introduction of Exhibit Topics

- State Sovereignty
- Comparison Table
- Additional Information

State Sovereignty

This discussion is offered as a practitioner’s understating of preemption of local land use authority under State Sovereignty and how exercising State Sovereignty can be beneficial for delivering affordable housing by developers on land provided by the State subject to a long-term ground lease. The concept of sovereignty suggests a hierarchy of governmental authority that has the federal government at its apex, then moves downward to State government, and follows to local governments, such as cities and counties. While land use regulation in California historically has been a function of local government under the grant of police power contained in Article XI, Section 7 of the California Constitution, a State agency is immune from local regulation unless the Legislature expressly waives immunity in a statute or the California Constitution.



Identifying and adapting a State Sovereignty framework early in the project delivery process under the authority of E.O. N-06-19 is helpful to the overall success of the project because it affects many aspects of entitlement. As an overview:

- Land Use: For purposes under E.O. N-06-19, the project is not subject to local zoning or the Subdivision Map Act when developing a property for State use. Under the auspices of HCD, which has control and possession of the land that will be subject to the long-term ground lease, the development of affordable housing does not have to conform to existing local zoning.
- Per Executive Order N-06-19: “local zoning ordinances do not govern the use of State property, and the State possesses legal authority to enter in to low-cost, long-term leasing agreements with housing developers and accelerate housing development on state-owned land as a public use.”
- Project design: use of State Sovereignty can facilitate greater density.
- Streamline Processing: SB35 is not currently available for State use; DGS is typically lead CEQA agency.
- Construction: The State itself provides certain approvals (see Permitting under Comparison Table below) yet leverages local resources.

Respondents are encouraged to:

- Think creatively regarding how the framework of State Sovereignty can be adapted to further the Program Principles and Objectives.
- Be mindful that:
 - Local jurisdiction cooperation will be needed for utility access, site ingress/egress, and other matters.
 - Integrating local input remains a priority as noted in the Program Principles & Objectives.

Comparison Table

<u>Category</u>	<u>Item</u>	<u>Customary Path</u>	<u>Use of State Sovereignty</u>
Land-Use	Zoning	City/County determines	State determines
	City/County Planning Dept Approvals	Required in most cases	State’s discretion
	SB35	Can be used in some cases	Not currently available or applicable



	Project-level CEQA Approval	Local jurisdiction is lead agency	DGS is lead agency; see below
	Regional Housing Needs Assessment	Units produced apply to local jurisdiction RHNA goals	Units produced apply to local jurisdiction RHNA goals; see below
Permitting	Plan Review	Local jurisdiction	Hybrid model; see below
	Building Permit	Local jurisdiction	DGS
	Temp. Cert. of Occupancy	Local jurisdiction	DGS
	Certificate of Occupancy	Local jurisdiction	DGS
Plan Review, Inspections and Approvals	Fire and Life Safety	Local Authority	DGS primary. Local Authority for emergency response and access only (see below).
	Structural	Local Authority	DGS primary, unless delegated
	Accessibility	Local Authority	DGS primary, unless delegated
Inspection Fees		Determined by local jurisdiction.	For pro forma purposes, assume the same cost as local jurisdiction. DGS fees are dependent upon project duration, staffing requirements and special conditions. However,
Utility Connections	Water	Coordinate with local agencies	Same
	Sewer/Stormwater	Coordinate with local agencies	Same
	Electric	Coordinate with local	Same



		agencies	
Environmental Approvals	Air Quality	Local Air Quality Management District	Same
Emergency Services	Fire	Coordinate with local agencies.	Local Agencies to approve Emergency Services access and site requirements
Taxation	For affordable housing	Welfare exemption often sought and obtained, which eliminates or reduces property taxes.	Same.

Additional Information

CEQA and Planning

- The Initial Study, if required, will address all the issues identified in the Environmental Checklist, pursuant to Appendix G of the CEQA Guidelines. The majority of Appendix G topics (e.g., aesthetics, biological resources, cultural resources, hazards and hazardous materials, etc.) will be addressed qualitatively, while other topics (e.g., air quality and GHG emissions, noise, transportation, etc.) will be addressed quantitatively using technical studies prepared by the developer.
- Developers should consider if the proposed housing use will generally be in conformity with the local jurisdiction’s General Plan; per the Housing Accountability Act: “a proposed housing development project is not inconsistent with the applicable zoning standards and criteria, and shall not require a rezoning, if the housing development project is consistent with the objective



general plan standards and criteria but the zoning for the project site is inconsistent with the general plan.” (Gov. Code, Section 65589.5(j)(4)).

Regional Housing Needs Assessment (RHNA)

- Although the site is located on State-owned land, completed projects may be counted toward the presiding local jurisdiction’s RHNA allocation.
- For this to occur, the local jurisdiction must ensure that local land use regulations and zoning conform to the completed State project. This does not need to occur prior to project completion but does need to occur during the RHNA cycle in which the project is completed.

Plan Review

- Plan review process to be developed on case-by-case basis in partnership with State, development entity, and input from local jurisdiction.
- The Construction and Inspection Management Branch (CIMB) of the Department of General Services will act as a “central receiver” to coordinate non-State inspectors (e.g, local fire marshal).
- With regards to modular construction specifically, HCD’s Factory Built Housing Division will likely approve and inspect all “mods” before they leave the factory. Another inspector would be needed for on-site installation and other work. More info here: [HCD Factory-Built Housing \(ca.gov\)](https://www.hcd.ca.gov/factory-built-housing).

**Memorandum of Understanding
Between
the Capitol Area Community Development Corporation, and CFY Development, Inc.**

This Memorandum of Understanding (the "MOU") is entered into on June __, 2021 ("Effective Date"), by and between the **Capitol Area Community Development Corporation**, a non-profit public benefit corporation ("CACDC"), and **CFY Development Inc.**, a California corporation ("CFY"). CACDC and CFY are sometimes referred to individually as a "Party," and collectively, as the "Parties."

RECITALS

A. On January 15, 2019, Governor Gavin Newsom signed Executive Order N-06-19 (EO) (see Exhibit 1) 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, enter into low-cost long-term ground lease agreements with housing developers and accelerate affordable housing development on State-owned land for public benefit.

B. On May 10, 2021, The State issued an RFQ seeking respondents capable of developing affordable housing on six excess state-owned properties including the former DGS warehouse located at 805 R Street (Property) in Sacramento, California. RFQ responses for all listed sites in the RFQ are due on June 14, 2021. Selected qualified respondents will be invited respond to a Request for Proposal due later in 2021.

C. The Parties have discussed their mutual desire to collectively pursue the development of a mixed use project on the Property (the "Project").

D. Accordingly, the Parties desire to explore joint development and ownership of the Project through a partnership or other entity wherein the Parties would agree on the terms for development, management and ownership of the Project.

E. To that end, the Parties desire to execute this MOU to more specifically outline their expectations as to their respective roles and responsibilities in exploring the viability of the development of the Project on the Property. Ultimately, the Parties would like to enter into such an arrangement in order to pursue the development, financing and construction of the Project.

NOW, THEREFORE, the Parties agree as follows:

AGREEMENT

1. **Good Faith Negotiations.**

This MOU is entered into to memorialize the preliminary and non-binding terms, as negotiated and agreed upon by the Parties, of the transactions and further agreements described herein. As discussed in the recitals and throughout the MOU, the provisions and terms in this MOU are preliminary and shall not be construed to limit the consideration of alternative provisions. This MOU is intended to provide a general framework for subsequent good-faith negotiation of definitive agreements regarding the Project, and, except as otherwise expressly provided herein, is not intended to create any binding contractual obligations on either Party or to commit either

Party to a particular course of action. A transaction of this type involves many essential terms and conditions that have not yet been agreed upon, and it is expressly contemplated by the Parties that in order to effectuate the Project, a binding agreement would have to be negotiated and agreed to by the Parties, each in such Party's sole and absolute discretion. Pursuant to Section 3 below, the Parties shall negotiate in good faith and in a timely manner such superseding and additional agreements as are necessary to carry out the provisions of this MOU.

2. Term of Exclusive Negotiations.

As the Parties will devote significant staff time and incur third-party expenses to explore the development feasibility of the Property and negotiate subsequent agreements, the Parties agree that they shall not negotiate with any other person or entity, nor solicit or entertain bids or proposals from any other person or entity, regarding the development of the Project and Property during the term of this MOU. The term of this MOU is ninety (90) days from the Effective Date, and may be extended thereafter by mutual agreement of the parties (the "Term"). If upon expiration of the Term, or any extension thereof, the Parties have not entered into a written term sheet or other written agreement defining the terms of their relationship as described in Section 3 below, this MOU shall automatically terminate.

3. Good Faith Negotiations.

During the Term, the Parties agree to negotiate in good faith the terms of a mutually beneficial arrangement that provides for development, construction, operation, management, and ownership of the Project, including but not limited to, an arrangement for sharing the developer fee and project operating revenues; provided however, that approval of any such arrangement shall be in the sole and absolute discretion of each Party. Such terms of arrangement shall include, among other things, the following roles and responsibilities of the Parties:

3.1 CACDC Obligations.

- Provide a response to the State of California's RFQ/P
- Negotiate and communicate with the State regarding site control and development of the project site.
- Conduct community outreach
- Obtain City planning entitlements and permits
- Contract with consultants
- Contract with architect for all work
- Fund the costs of the environmental site investigations
- Co-manage the development project, including, but not limited to, making decisions regarding:
 - Project unit count
 - Project resident amenities
 - Project design
 - Amount of commercial space and target tenant mix
 - Project financing
 - Commercial leasing
- Operate the Project upon completion

3.2 CFY Obligations.

- Prepare a financial feasibility analysis including construction cost estimates
- Prepare a tax credit analysis for various mixed income alternatives
- Submit the tax credit application
- Provide cash flow projections
- Provide the legal structure and partnership documents
- Co-manage the development project, including, but not limited to, making decisions regarding:
 - Project unit count
 - Project resident amenities
 - Project design
 - Amount of commercial space and target tenant mix
 - Project financing
 - Commercial leasing
- Construct the Project.

4. Development and Design Goals, and Objectives.

The Parties agree that the anticipated Project development must be financially beneficial to both Parties and must be consistent with the objectives of each organization. The Project is anticipated to be a mixed-use affordable housing development with the maximum reasonable number of residential units consistent with requirements of the City of Sacramento ("City"), and should be compatible with surrounding developments in the neighborhood. The architectural design shall be superior and worthy of a highly desirable location, and should otherwise be complementary with surrounding development, and shall be approved by both Parties. Ideally, the design should have maximum community, State, and City support. Construction of the Project shall be of high quality with an improved streetscape, including installation of attractive signage, landscaping, street furniture, planting strips and bike parking.

5. Financing the Project.

a. Predevelopment Expenses.

The Parties agree that all Property purchase deposits and pre-development costs will be shared as follows during the Term: 50% by CFY and 50% by CACDC. In addition, the Parties agree that any deposits or pre-development costs made prior to the Effective Date will be similarly shared. All other future costs and expenses shall be reconciled on a quarterly basis.

b. Project Funding.

The Parties anticipate that various sources of public assistance and conventional construction and permanent financing will be necessary to fund development and construction of the Project. The Parties will work together to identify those potential sources of funding for the Project. Possible sources include a California Tax Credit Allocation Committee award of 4% Low Income Housing Tax Credits, tax-exempt bonds, Capitol Area Development Authority ("CADA") funds, and other sources as may be available from time-to-time to fund the construction of the Project. The Parties agree to work in good faith to identify and agree upon the financing mechanisms for the Project.

6. MOU Does Not Constitute Approval of Agreements; Binding Provisions.

Except as otherwise expressly provided herein, the Parties do not intend this MOU to be construed to create any other contractual relationship, whether expressed or implied, including a joint venture, partnership, principal-agent, independent contractor, or master-servant. The Parties acknowledge that they have not finalized the essential terms of the subject matter of an agreed transaction, including, but not limited to, items such as development schedules, etc., and that such essential terms would be the subject matter of further negotiations. Notwithstanding the approval of this MOU, the Parties intend that any final agreement, if an agreement is reached, shall require final approval of CACDC and CFY (each such approval being in the sole and absolute discretion of such party). Any agreement so approved shall be in writing and shall be executed by authorized representatives of each of the Parties.

Notwithstanding the foregoing paragraph, the Parties acknowledge and agree that the provisions of Section 2 and Section 3 above shall be legally binding obligations of the Parties.

7. Buyout Option.

If at the end of the Term, either CFY or CACDC decides that it does not want to proceed with development of the Project, and the other party still desires to complete the Project, that party may offer to buy out the other party by reimbursing all deposits and costs incurred by the other party to purchase the Property, and all third-party Project costs expended by the other party, including but not limited to, costs for procuring architectural drawings, applications, studies, reports and other matters generated for the Project.

8. Authority.

Each of the signatories to this MOU represents that he/she is authorized to sign the MOU on behalf of such Party and that all approvals, resolutions and consents which must be obtained to bind such Party have been obtained, that no further approvals, acts or consents are required to bind such Party to this MOU.

IN WITNESS WHEREOF, this MOU has been duly executed as of the day and year first above written.

CFY:

CFY Development, Inc.,
a California corporation

By: _____

Cyrus Youssefi, President

CACDC:

Capitol Area Community Development Corporation,
a non-profit public benefit corporation

By: _____
Ann Bailey, President

APPROVED AS TO FORM:

By: _____
Jeffery A. Mitchell, CACDC legal counsel

RESOLUTION NO. 21-02

ADOPTED BY THE BOARD OF DIRECTORS OF CAPITOL AREA COMMUNITY DEVELOPMENT CORPORATION (CACDC)

All of the directors of the Capitol Area Community Development Corporation, a California nonprofit public benefit corporation (the "Corporation"), hereby consent to, adopt and ratify the following resolutions:

STATE OF CALIFORNIA AFFORDABLE HOUSING SITES REQUEST FOR QUALIFICATIONS

WHEREAS, on January 15, 2019, Governor Gavin Newsom signed Executive Order N-06-19 to address the housing affordability crisis that is facing the State of California and ordered the Department of General Services and the Department of Housing and Community Development to identify, prioritize, and make available excess state owned property for development affordable housing, and

WHEREAS, May 10 2019, the state issued an request for qualifications seeking affordable housing developers to land lease and build affordable housing on six excess state owned properties, and

WHEREAS, one of the six properties is located at 805 R Street in the City of Sacramento and is an important and quality development site in the R Street Corridor; and

WHEREAS, the CACDC needs a developer partner with the requisite affordable housing experience that meets the state's qualification criteria in order to respond to the State's RFQ.

NOW, THEREFORE, BE IT RESOLVED by the Capitol Area Community Development Corporation that the Board of Directors hereby:

1. Authorize the CACDC President to respond to the State of California's Request for Qualifications and subsequent Request for Proposals in partnership with CFY Development to develop affordable housing on the State's former R Street Warehouse located at 805 R Street
2. Authorize the CACDC President to enter into a Memorandum of Understanding between the CACDC and CFY Development regarding the roles and responsibilities of the parties in undertaking a project at 805 R Street.

Passed and adopted effective as of May 27, 2021, by the consent of the Board of Directors of the Corporation by the following vote:

___AYES

___NAYS

___ABSTAIN

___ABSENT

Ann Bailey, Chair

CERTIFICATE OF THE SECRETARY

The undersigned, Secretary of the Corporation, does hereby attest and certify that the foregoing Resolution is a true, full and correct copy of a resolution duly adopted at a meeting of said corporation which was duly convened and held on the date stated thereon, and that said document has not been amended, modified, repealed or rescinded since its date of adoption and is in full force and effect as of the date hereof.

DATE: _____

Jill Azevedo, Secretary