AFFORDABLE HOUSING DEVELOPMENT PROPOSAL REVIEW

Proposer: **CRP – Aspen Grove Villas** Reviewer:

Evaluation Criteria	Maximum Score	Reviewer Score	Staff Comments to Assist in Review
Development and Management Capacity • Experience developing, owning, and operating affordable housing projects similar to the one proposed. • Record of developing successful housing within California and specifically the Sacramento region. • Strength, stability, and experience of team members individually and working as a team. • Assessment by references.	25		• CRP is a subsidiary of Castellan Real Estate Partners, a fully-integrated real estate development firm. • Has more than 2,300 units in 75 projects. Only two affordable projects (168 units) are in construction; four more (376 units) have received tax credit financing. • Nearest projects are in Los Angeles and Imperial County. • Relatively new to affordable housing; most of their affordable projects are under construction or still in planning phases. • Some of the team has worked together on projects underway now. ○ Nonprofit partner, Central Valley Coalition for Affordable Housing, has significant experience in affordable housing.
Project Financial Feasibility • Status of funds from other sources (such as fee waivers, payment of infrastructure costs, Low Income Housing LIHTCs, tax-exempt bonds, and lender financing). For conceptual projects, the developer's track record of receipt of LIHTC and other funding source will be considered. • Cost reasonableness. • Competitiveness to receive LIHTC (if applicable). • Amount of per-unit and per-project funding requested. • Proposed cost savings sharing in a percentage equal to the City's contribution to the total project financing. • Likelihood of the project being constructed within the next 24 months.	25		• Overall request: $5 million. • Hybrid 4% and 9% tax credit project. • Cost per unit is $447,961 (45% increase from Gardens at Quail Run); cost per residential square foot is $527.81 (42% increase from Gardens at Quail Run). • City subsidy per affordable unit is $40,323, a significant decrease from Gardens at Quail Run ($52,631). • Developer fee of $6,277,410 is 11.1% of total project cost, higher than the City's allowable maximum of 10%. • Construction completion projected for May 2023 is likely not achievable given project will need to apply in September 2021 4% funding round, with decisions being made in December 2021. • Financing is tax credit equity, permanent loan ($12.5 million), City loan, solar equity, deferred developer fee, and seller land note. Developer also deferring a portion of developer fee. • Tax credits not yet secured, but developer expects project to be competitive. Projects a 71.6% for tiebreaker score. This high score is in part a factor of the hybrid 9%/4% structure, but the benefit requires the 4% application to be submitted first, which would push the 9% application to 2022. • Failed to address cost savings sharing. • Utility allowance assumptions are very low. Appears to assume solar provided to tenants, but other places proposal notes solar for common areas. • Proposed a 50% residual receipts loan payment, but only after paying deferred developer fee. City would see no payments until Year 14/18.
Project Design and Community Benefit • Project enhances and complements the	25		• Project site is 126 units (1 - 3BD) on a portion of a 13-acre site in SEPA along Poppy Ridge Rd.

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surrounding neighborhood. • Project location provides tenants with easy access to major bus routes, shopping, and social service providers. • Proposes support services for the low-income residents through a provider with a proven record of success. • Offers on-site tenant amenities for low-income residents and surrounding communities that would not normally be available. • Site plans and unit plans suitable for targeted population. *For respondents proposing conceptual projects, this factor shall be evaluated based on information from a prior, recent project similar to the one anticipated in this proposal.*			• Total of 30 units are at 80% AMI. • Three three-story, walk-up buildings with separate community center building; 201 parking spaces, some of which are covered. • Amenities include a swimming pool, community building, barbeque area, and children's play area. • Portion of site to be developed is vacant and would be adjacent to single-family homes. • Currently not much development in area. Nearest middle/high school about 1 mile away; nearest elementary school is 1.5 miles away. Very limited shopping/dining options, though some would likely be built nearby. • Project is in highest opportunity area for TCAC. • No nearby existing affordable or market-rate apartment complexes; nearest is Seasons (senior affordable). • Unit plans show standard layouts. • Did not meet services threshold.
Ability to Meet Community Housing Needs • Includes 29%+ of affordable units for extremely low-income households. AND/OR • Includes 58%+ of affordable units for very low-income households.	15		• 15% of units for extremely low-income households. • 58% of units for very low-income households.
Project Readiness • Evidence of private or public lender commitment to the project. • Zoning or development approval has been obtained or is supported and/or readily achievable. • Evidence of clear title, appraised value, and environmental acceptability of the identified site. • Preliminary design sketches, site and unit layout, and landscape plan. *For respondents proposing conceptual projects, this factor shall be evaluated based on information from a prior, recent project similar to the one anticipated in this*	10		• Has executed purchase agreement for property. Projected closing date is March 2022. • Anticipate building project on a portion of a 13-acre parcel, with the remainder being developed with 174 units (not clear if these are anticipated as affordable). • Parcel would likely need to be subdivided and this does not appear to be contemplated in timeframe. • Existing zoning allows for density of 20.1-30 units/acre. Not clear which portion of the site is planned to be used for this project. • Timeline to submit for 4% tax credits in May 2021 is not achievable; plan to submit for 9% tax credits in July 2021 may be achievable, but not having submitted the 4% project first will negatively impact tiebreaker score. • Anticipate CEQA exemption because plan is consistent with Housing Element EIR.

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proposal. Evidence of clear title, appraised value, and environmental acceptability is not required.			
BONUS – Unit Affordability Adjustments • Commitment to performing annual income recertifications and adjusting unit affordability accordingly. In effect, this means that a household initially living in a 30% AMI unit and whose household income rises to 50% AMI would have their rent adjusted to the 50% AMI level, and the next available unit would be made available to a household earning 30% AMI. • Developer commitment to placing tenant-based Housing Choice Voucher (HCV or Section 8) holders into units with the highest income level (generally 60% units), when such units are available, and, when such units are not available, adjusting unit affordability as soon as possible. (This policy is not intended to prioritize HCV holders over other households, but rather to ensure that the units targeted to households with the lowest incomes are available to those without HCV subsidy.)	10		• Developer committed to adjusting unit affordability as allowed within the guidelines of the TCAC and CDLAC regulations. • Developer did not commit to placing Section 8 voucher holders into units with the highest income levels.
BONUS – Commitment to Addressing Homelessness • Commitment to working with the City to address homelessness, including by implementing a policy moving homeless Elk Grove households to the top of the waitlist for any vacant unit for which they are qualified.	5		• Developer committed to working with the City to address homelessness, but not by moving qualified Elk Grove homeless households to the top of the waitlist. Instead they want to pursue project-based Section 8 vouchers through SHRA. This would likely serve people experiencing homelessness regionally rather than locally.
BONUS – Maximizing Funding Sources • Usage of funding sources in addition to or in lieu of tax credit financing and/or a per-unit subsidy of less than $35,000.	5		• Financial projections show a per-unit subsidy of $40,323. • Plan to use solar equity, deferred developer fee, and forgone developer fee as sources of funding. • The project does not anticipate receiving water/sewer fee credits.
BONUS – Innovation in Project Design • Innovation in design or project type, such as a mixed-use development or a project containing permanent supportive housing.	5		• Both project type and design are standard and common in Elk Grove and within the industry. • Project proposes to be zero net energy, which staff clarified in RFP Q&A would only count for bonus points so long as its benefit to residents is not negated by

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			charging higher rents. The lower utility allowances as a result of net zero will leave tenants with a housing cost level to that of a non-net zero project. Staff's assessment is that this does not qualify for innovative design.
TOTAL SCORE (including bonus)	125		

Reviewer Signature

Date