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QUESTIONS AND ANSWERS AFFORDABLE HOUSING PROJECTS RFP

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Is there a list of properties in the City that are available for development? Or, is this just meant for projects that are already in progress?

The City maintains a list of properties that are zoned for multifamily development and used to meet the City's lower-income Regional Housing Needs Allocation (RHNA), in coordination with the Housing Element of the General Plan. As a part of the Housing Element underway now, the City has also identified a number of candidate sites that may be rezoned for multifamily housing; however, there is no guarantee any of the noted sites will actually be rezoned. There is an [interactive map](#) showing the existing multifamily sites (E-xx) and candidate sites (C-xx).

The RFP allows for proposals both on projects that may already be in progress and projects that are conceptual in nature at this point (i.e., do not have a site identified).

Is the developer fee maximum calculated at 10% of total cost or the cash out limit?

The developer fee is limited to 10% of the total development costs (less the fee itself).

Is the City loan interest only and is it residual receipts only?

The City negotiates loan terms on a case-by-case basis after review of the project's pro forma and other financial information, and considering requirements of other agencies providing subsidy. Recent loans have been structured as residual receipts or residual receipts with a minimum fixed annual payment, which typically escalates over time.

Does net zero count as Innovation in Project Design for bonus points?

Yes, provided it has a benefit to residents that isn't negated by charging higher rents than in a non-net-zero project.

May a nonprofit be named as a partner in more than one application with different developers in response to the City of Elk Grove RFP?

Yes, this is acceptable.

Have you made an award to a 9% project and if so – for how much of \$8 million? How much funding is expected to be available for projects submitted by the May 19 deadline?

The Affordable Housing Committee selected a 9% tax credit project requesting a \$4 million City loan to move forward to the application stage. While those funds are not yet committed, it is likely they will be, leaving about \$4 million in available funding for projects submitted in phase 2 of the RFP (May 19 deadline).

On page 15 of the RFP, it states that a “Developer Fee is limited to 10% of project cost”. Does that provision apply to a 4% Tax Credit and Bond transaction as well? It would be extremely helpful, and efficient, if the RFP allowed for the developer fee calculation to be consistent with TCAC/CDLAC guidelines, particularly on a 4% execution. As I am sure you are aware, maintaining that consistency with TCAC/CDLAC guidelines in this instance would allow for the injection of additional tax credit equity into the project, thus reducing a project's reliance on local subsidies. If this is not your intent, can you please share the specific rationale as to why the developer fee calculation would not be consistent with TCAC/CDLAC on a 4% execution?

The provision applies to projects receiving City loans regardless of their financing structure. You may show a higher developer fee if the portion over the 10% maximum is foregone.

Is there a cap on the amount of subsidy that can be requested? If so, what is that cap? For example, if the City has a \$5m cap because that is the amount of funds it currently has available, can a project request \$5.5m in support, with the understanding that the remaining \$500k would not be disbursed to the awardee until those funds have been collected by the City through its affordable housing fee?

There is not a specific cap on the amount of loan funding that can be requested; however, per the RFP, “In no event shall the project loans issued hereunder exceed the uncommitted fund balance in the Affordable Housing Fund at the time of commitment.” The time of commitment may be somewhat negotiable, and would likely be later for conceptual proposals than for those submitted with specific sites in mind.

Note that the City owns multiple sites on which it plans to partner with developers to construct affordable housing within the next 2-3 years. (These sites are not a part of the current RFP.) Future fees revenues will likely be substantially devoted to supporting these City-owned sites.

Do projects in Elk Grove have Article 34 authority either from City or County?

The City has remaining Article 34 authority under the 2004 ballot measure.

NEW – The RFP asks that we submit evidence of ability to insure. What form of evidence is the City looking for? Insurance certificates? Letter from our CFO or CEO stating that we can meet the RFP's insurance requirements?

A letter from the proposer's CEO, CFO, or insurance agent stating that the proposer can and will meet the RFP's insurance requirements is acceptable. Please note in the letter any exceptions necessary.

NEW – Can you tell me the balance of the City's Affordable Housing Fund as of this date?

The balance in the Affordable Housing Fund is approximately \$24.3 million. However, much of that amount is committed to existing projects, land acquisitions, homebuyer assistance programs, and gap financing for projects to be built on City-owned land. Staff estimated that about \$8 million would be available under this RFP, and the Affordable Housing Committee selected a 9% tax credit project requesting a \$4 million City loan to move forward to the application stage. This leaves about \$4 million available at this time.

NEW – Regarding the developer fee limitation, would the City consider a 4% tax credit/bond project where the portion of the developer fee over 10% of the project is deferred as opposed to foregone?

The City will consider projects that have developer fees consistent with TCAC/CDLAC regulations, including projects where the amount of the developer fee in excess of \$2,500,000 plus \$20,000 for each

unit in excess of 100 is deferred or contributed as equity to the project. Developers are strongly encouraged to contribute the excess fee as equity to the project.