

**TOWN OF
APPLE VALLEY, CALIFORNIA**

AGENDA MATTER

Subject Item:

RECONSIDERATION OF THE SELECTION OF A DEVELOPMENT ENTITY FOR AFFORDABLE SENIOR RENTAL HOUSING

Background:

On May 24, 2011, the Town Council met and approved a motion selecting a development entity and authorizing staff to enter into negotiations with AMCAL Multi-Housing for the development of an affordable senior rental project. The Town Council has since scheduled a Special Meeting on June 2, 2011 in order to reconsider its previous action. This staff report provides supplemental information to the June 2, 2011 agenda item currently posted.

Summary Statement:

In order to aid the Town Council in the reconsideration of the matter, staff is providing a copy of the Request for Qualifications (RFQ), the Evaluation Criteria for the Request for Qualifications, the Request for Proposals (RFP), the Evaluation Criteria for the Request for Proposals, the RFP Tally Sheet (rankings), the Financial Analysis provided by Keyser Marston Associates and a letter of correspondence from The Related Companies of California to the members of the Town Council appealing the Council's decision of May 24th.

The evaluation panel consisting of five (5) panel members met on May 10, 2011 to provide final review and ratings for each of the three (3) proposals. On May 12, 2011, staff followed up with 1-1/2 hour long interviews with each firm. All five (5) members of the evaluation panel unanimously ranked Related California #1 utilizing six (6) major categories and 35 separate factors as detailed in the evaluation criteria. Of particular note was the fact that Related California offered a competitive product at the most competitive price.

(Continued on next page)

Recommended Action:

That the Town Council and Redevelopment Agency reconsider and review the Town Council's May 24th decision to enter into negotiations for the development of an affordable senior rental housing project with Related California, for the purpose of bringing forth a Disposition and Development Agreement (DDA) for review and final approval at the June 28, 2011 Town Council and Redevelopment Agency meeting.

AND

That the Town Council and Redevelopment Agency authorize and direct staff to enter into negotiations for the development of an affordable senior rental housing project with Related California and for the purpose of bringing forth a Disposition and Development Agreement (DDA) for review and final approval at the June 28, 2011 Town Council and Redevelopment Agency meeting.

Proposed by Economic Development & Housing Div.

Item Number 1

T. M. Approval: _____ **Budgeted Item** Yes No N/A

The six (6) major components used to review and rate each firm are provided below

1. Project overall design, site layout and compatibility with Apple Valley community standards
2. Adequacy of entitlement schedule and development timeframe
3. Marketing methods and program
4. Methods of community outreach and working with surrounding neighborhoods to address neighborhood concerns
5. Adequacy of the management plan
6. Adequacy and competitiveness of the pro-forma

Although the panel members reviewed the overall design, layout and compatibility with Apple Valley community standards, it reviewed the density of each project only to ensure that each proposed project met the density requirements pursuant to Apple Valley's existing zoning and development standards. However, the panel was made aware of the Apple Valley Regional Housing Needs Allocation (RHNA) numbers, the existing accomplishments to date and the resulting need to produce a substantive level of affordable housing during the remaining years of the RHNA cycle.

The Town Council should be made aware that, once it selects a development entity, staff will enter into negotiations with the selected entity with the goal of bringing forward a Disposition and Development Agreement (DDA). The DDA is a negotiated agreement and can provide flexibility in determining density, amenities and other details regarding the proposed project. Once the DDA is executed, staff level meetings, as well as community meetings, will be held to solicit input into the overall final product. The Planning Commission will also review and consider the project as part of the overall development process. The purpose of the proposal is to provide the general framework of the project. The original proposal itself is not etched in stone but, rather, subject to negotiation and modification based upon Town Council, staff, community, and Planning Commission input.

As a reminder, the Disposition and Development Agreement (DDA) must be brought to the Town Council and Redevelopment Agency Board no later than June 28, 2011. This is necessary due to the fact that the Redevelopment Agency (RDA) currently holds excess surplus funds in its Low and Moderate Income Funds (20% set-aside) and must obligate approximately \$1.9 million prior to the end of the fiscal year. Pursuant to redevelopment law, the consequences of excess surplus non-compliance are (1) the RDA must expend all surplus funds plus 50% from other sources; and, (2) the RDA is prohibited from expending or obligating any other funds outside of paying existing contractual obligations. The result would be that no RDA funds would be available to support current economic development operations and activities beginning July 1, 2011. It is, therefore, important that the Town expedite these matters.

Staff recommends adoption of the form motion.

Attachments:

1. Request for Qualifications (RFQ/SOQ)
2. Evaluation Criteria for RFQ/SOQ
3. Request for Proposals (RFP)
4. Evaluation Criteria for RFP
5. RFP Tally Sheet (Rankings)
6. RFP Review-Financial Analysis by Keyser Marston Associates
7. Letter of Appeal from The Related Companies of California to the Town Council

Attachment 1
Request for Qualifications (RFQ/SOQ)

Town of Apple Valley

Request for Qualifications (RFQ)

Development of Affordable Rental Housing

Issuance Date: February 23, 2011



Economic & Community Development Department
14955 Dale Evans Parkway
Apple Valley, CA 92307

www.applevalley.org

**TOWN OF APPLE VALLEY
REQUEST FOR QUALIFICATIONS (RFQ)
AFFORDABLE RENTAL HOUSING**

I. INTRODUCTION

The Town of Apple Valley (Town) and the Apple Valley Redevelopment Agency (Agency) are soliciting responses to this Request for Qualifications (RFQ) in order to enter into one or more partnerships with qualified firms experienced in the financing, development and operation of affordable rental housing projects to meet state housing production requirements. Respondents must be able to demonstrate their development experience, specifically in the area of subsidized affordable housing and be able to work cooperatively with staff to implement a successful housing development. Non-profit and for-profit developers may respond individually, or they may partner with another qualified developer.

As part of the selection process, developers will be required to submit a basic Statement of Qualifications (SOQ) and a brief concept proposal. The Town will select the most qualified developers to be placed on a “Most Qualified List”, of which one or more developers may be invited to submit a more detailed development proposal. It is the Town’s desire to invite the most qualified developer(s) to enter into a development agreement(s) for project implementation.

II. BACKGROUND

The Town Apple is a suburban/semi-rural residential community located in the Victor Valley portion of the Inland Empire North along the Interstate 15 (I-15) freeway. Apple Valley, incorporated in 1988, encompasses approximately 78 square miles within its incorporated boundaries, with a sphere of influence encompassing 200 square miles. The Town has experienced rapid growth over the past two decades, from a population of 16,748 in 1980 to a current estimated population of 73,000 residents. The vast majority of the existing housing stock is comprised of single-family detached homes on minimum half-acre lots or larger. The multi-residential complexes, comprised predominantly of two (2) to four (4) unit structures, represent approximately 15% of the entire housing stock.

III. DESIRED DEVELOPMENT

It is the desire of the Town that one or more sites be developed as affordable quality rental housing developments to benefit low to very low income households. The development may be 100% affordable or part market rate and part affordable. The first development contemplated is a senior project, after which an additional senior or family project may also be considered. All proposed projects must be in compliance with development standards pursuant to the Town’s Development Code. It is important that the development complement the existing neighborhood architecturally and provide sufficient amenities to enhance the quality of living for its future residents. Since this is the first affordable rental project the Town will directly participate in financially, the need for this project to be a major success cannot be overstated as it will set the standard for future affordable rental housing developments in the Town of Apple Valley.

IV. DEVELOPMENT SITE(S)

The Town encourages respondents to submit one or more viable sites. It is noted that respondents must be able to demonstrate site control for each site it submits. In addition, respondents may express an interest in developing a site currently owned and controlled by the Agency. The subject property consists of a vacant parcel containing 4.59 acres, zoned R-M (Multi-Family Residential). It is located at the northwest corner of Dale Evans Parkway and Thunderbird Road (APN 0441-133-01) in the Town of Apple Valley. The R-M zone permits a maximum density of 20 units per acre.

Additional development standards, including Density Bonuses pursuant to state law, may be found on the Town website at www.applevalley.org/index.aspx?page=391. A map depicting the site is attached hereto as Exhibit 1.

A brief concept proposal for each site should be submitted, to include the proposed type of project (target population), number of estimated units, and proposed financing structure. A conceptual site plan is helpful but not mandatory.

V. TOWN FINANCING

There are three (3) primary sources of revenue that may be made available for affordable housing under this RFQ: (1) Agency's Low and Moderate Income Fund - \$10 million, (2) Bond proceeds - \$4.5 million in Redevelopment Project Area 2, (3) Neighborhood Stabilization Program (NSP 3) funds – approximately \$854,000 has been identified for acquisition/new construction activities in the draft Action Plan amendment. Depending on the source of financing, sites within specific redevelopment project areas or NSP target areas may be desirable. Maps depicting the redevelopment project areas and NSP target areas are attached hereto as Exhibits 2 and 3, respectively.

VI. STATEMENT OF QUALIFICATIONS (SOQ) SUBMITTAL REQUIREMENTS

The SOQ will include a description of the organizational structure, development track record and financial capacity of the developer.

1. **Developer or Developer Team** Identify the proposed Developer or Development Team members. For each member, provide a brief summary of the firm and identify the chief executive and key staff members listing their functions with brief biographies. Include a narrative that describes the proposed Developer or Development Team and roles related to each component of the Project.
 - Provide the address and telephone number of the primary development entity's main office and any branch offices.
 - Identify an individual, with the individual's title and phone number, for possible contact during the review process.
 - Identify the type of organizational entity, date the entity was formed, the number of years in business, and size of business.

2. **Developer Experience** Please prepare a table describing recent affordable residential rental development and property management experience (within the past 10 years) of each key Development Team member, with an emphasis on projects similar to the proposed development project.

- Provide, for each project, the following information: project name and type (including photographs), project address, role of “Development Team” member, other relevant development team members including project architect and all associated consultants and professionals, unit count by type and size, tenant mix, affordability, completed value, leveraging sources (including as applicable (a) name and contact information for first mortgage lender; (b) name and contact information for tax credit investor; and/or (c) name and contact information for public agency partner; (d) type and amount of each funding source), construction completion date and timeframe to complete project from application submittal date;
- Describe the developer’s management philosophy and any experience with managing and monitoring affordable rental projects. Describe the steps taken to ensure long term compliance with the Agency, State and Federal regulations. Provide photographs of rental projects you currently manage with information regarding the age of the project.
- Provide two (2) examples of projects that were developed to complement surrounding neighborhoods and how community support was obtained. Provide two (2) examples of community issues that arose and explain how your organization resolved these issues.
- Provide a sample marketing/management plan for the proposed project.
- Provide documentation if a non-profit developer is certified as a 501(c)3 tax exempt non-profit by the Internal Revenue Service (IRS), if applicable.
- Describe any relevant experience administering local preference criteria systems for selecting tenants while maintaining fair housing practices.

3. **Demonstration of Financial Capacity**

- Provide any additional relevant information outlining the respondent’s ability to obtain financing, experience with utilizing various financing mechanisms and prior experience in establishing relationships with lending institutions and equity markets.
- Provide complete financial statements for the last three years. State whether the financial statements are audited (preferred), reviewed or compiled. In cases where a for-profit entity and non-profit entity may partner to form a development team, include financial statements from each entity.
- Provide a list of references from public agency partners.

VII. SELECTION CRITERIA AND PROCESS

The selection of a development entity is a two-step process which will be handled within strict and aggressive time constraints. Upon receipt of SOQ submittals, the Town will evaluate and determine which, if any, developers will be invited to submit a full detailed development proposal. The Town may invite one or more developers for a follow-up interview based upon the quality of the proposal submission. The established criteria to be used to rate the SOQ submittals will include the following elements:

1. Demonstrated capability to design, entitle and construct projects of the proposed size. Direct experience successfully developing/implementing a minimum of five (5) projects is required, of which at least one (1) project must be a senior project.
2. Demonstrated capability to manage or secure management of projects of the proposed size. Five years or more of direct experience managing affordable projects to include at least five (5) or more housing projects is required, of which at least one (1) must be a senior project.
3. Demonstrated financial capacity and familiarity with various financing mechanisms. The ability to maximize the leverage of Town resources will also be considered.
4. Ability to bring resources, experience and capability to assure timely completion of the proposed development. Track record for past completion of projects will be considered.
5. Experience in community outreach and working with surrounding neighborhoods to address neighborhood concerns. Past experience and demonstrated success with community outreach will be considered.

Developers invited to participate in the submission of a detailed development proposal will, at a minimum, provide the following information:

1. Detailed project description
2. Conceptual site plan with detailed project statistics including number of units, number of bedrooms, size and type of buildings, total parking spaces, setbacks, amenities, etc.
3. Proposed development schedule.
4. Detailed project pro forma with a list of assumptions upon which the pro forma is based.
5. Project financing structure, including specific sources and amounts of funds, including any assistance requested of the Town/Agency.
6. Management plan.

The tentative schedule for selecting a Developer or Developer Team, and approving a Development Agreement, is outlined below.

Council Approval to Release RFQ	February 22, 2011
RFQ Due Date	March 15, 2011
Release RFP	March 25, 2011
RFP Due Date	April 28, 2011
Development Agreement Negotiation	May 12 – June 6, 2011
Town Council Approval	June 14, 2011

VIII. DISCLAIMERS

All facts and opinions stated herein and in any additional information, whether written or oral, provided by the Town/Agency and its representatives, is based on available information and is believed to be accurate. No representation or warranty is made with respect thereto.

The Town/Agency, reserves the right to issue written notice of any changes in the submission process, should the Town/Agency determine, in its sole and absolute discretion, that such changes are necessary.

Those submitting responses to this RFQ assume all financial costs and risks of submission. No reimbursement or remuneration will be made by the Town/Agency to cover the costs of any submittal whether or not such submittal is selected. The Town/Agency reserves the right to reject any or all submittals at its sole and absolute discretion and accepts no responsibility for any financial loss by such action.

IX. SOQ SUBMISSIONS

Interested developers must submit a signed cover letter with four (4) hard copies of the proposal and one electronic copy on a CD. **All submittals are due no later than 5:00 p.m. on Tuesday, March 15, 2011. Submittals received after the deadline will not be considered.**

Submittals should be addressed to:

Emily Wong
Asst. Director of Economic Development and Housing
Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307

Facsimile or electronic transmissions will not be accepted. The Town, following review of the initial submission, may request additional information.

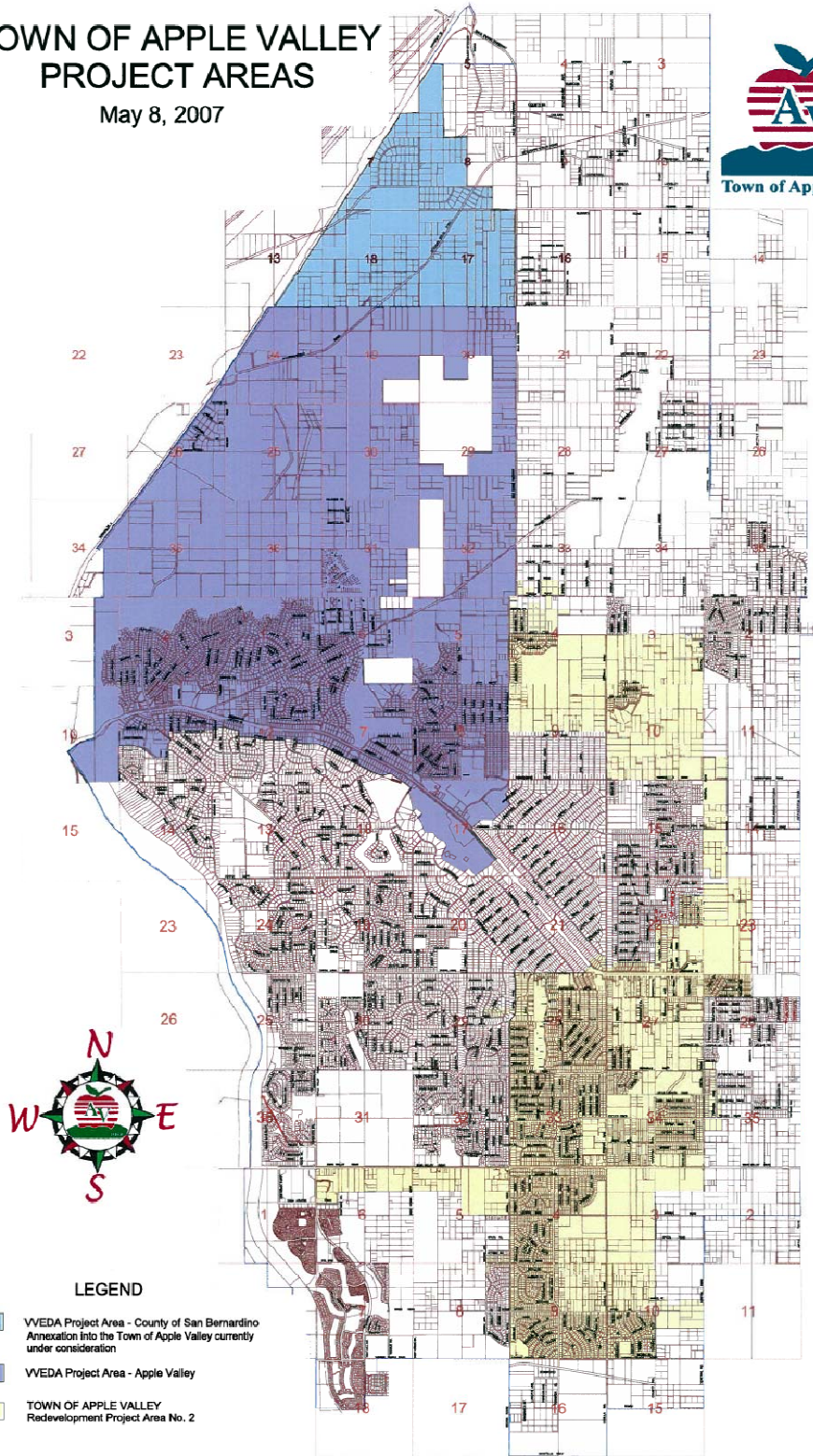
Any questions regarding the RFQ process may be directed to Emily Wong, Asst. Director of Economic Development & Housing (ewong@applevalley.org) or Joseph Moon, Economic Development Specialist (jmoon@applevalley.org) at (760) 240-7000, extension 7900.






Exhibit 2

TOWN OF APPLE VALLEY PROJECT AREAS

May 8, 2007

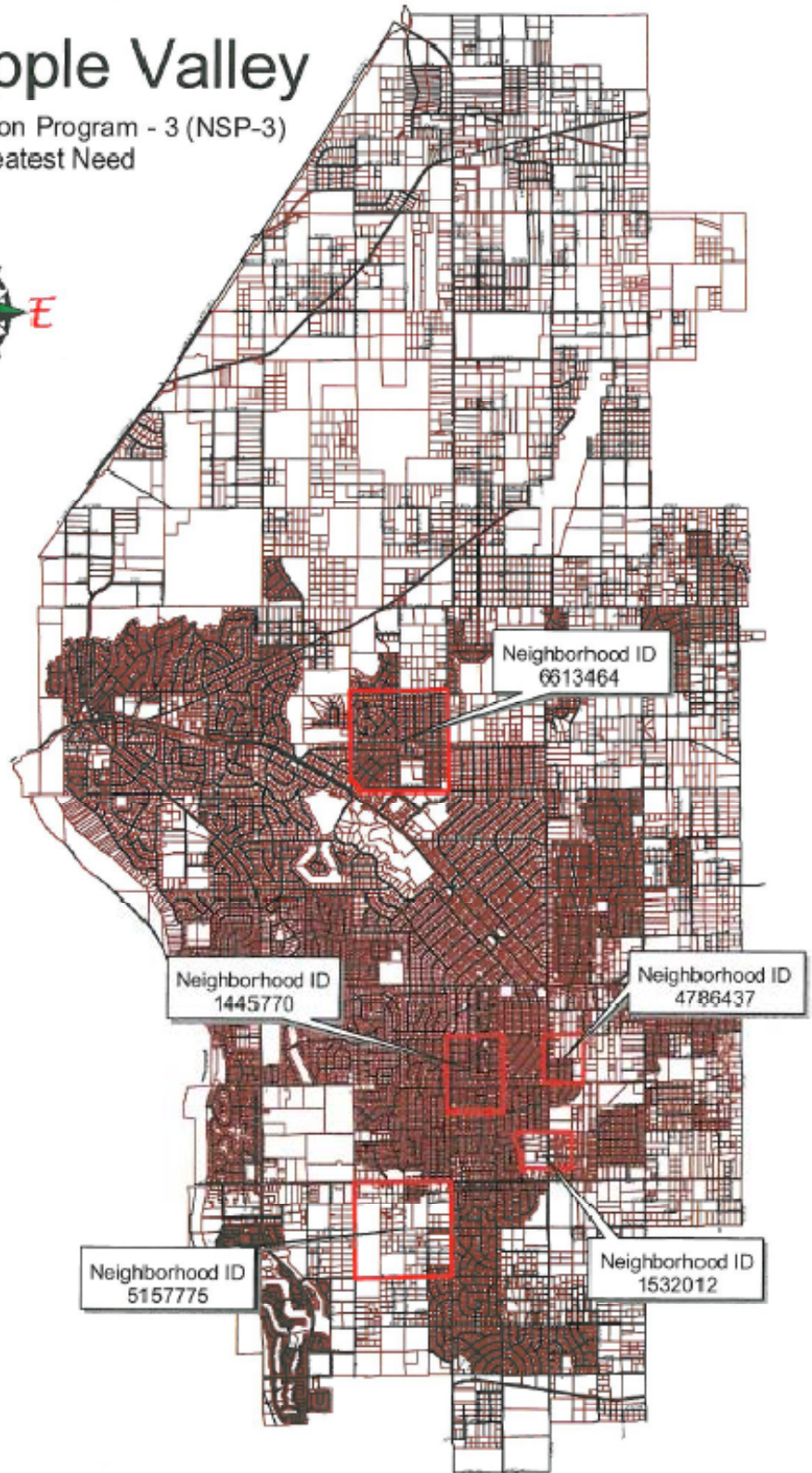


LEGEND

-  WVEDA Project Area - County of San Bernardino
Annexation into the Town of Apple Valley currently
under consideration
-  WVEDA Project Area - Apple Valley
-  TOWN OF APPLE VALLEY
Redevelopment Project Area No. 2

Town of Apple Valley

Neighborhood Stabilization Program - 3 (NSP-3)
Areas of Greatest Need



Affordable Housing RFQ List
Zen Sawyer
Land Acquisition Analyst

Mercy Housing California
1500 South Grand Ave., Suite 100

Los Angeles, CA 90015
(213) 743-5820, ext. 26
(213) 743-5828 (fax)
zsawyer@mercyhousing.org
www.mercyhousing.org

Frank Chang
Project Manager
AMCAL Multi-Housing, Inc.
30141 Agoura Road, Suite 100
Agoura Hills, CA 91301
(818) 706-0694, x186
fchang@amcalhousing.com
www.amcalhousing.com

Ron Ruhl
Project Manager
San Bernardino County Housing
Authority/Housing Partners I
715 Briar Drive
San Bernardino, CA 92408
(909) 890-0644, ext. 2484
rruhl@hacsb.com
www.hacsb.com

Barry Ephraim
Ephraim Development
125 South Bowling Green Way
Los Angeles, CA 90049
(310) 927-3675
barry.ephraim@sbcglobal.net

John Seymour
Vice-President, Acquisitions and Forward
Planning
National Community Renaissance
4322 Piedmont Drive
San Diego, CA 92107
(619) 223-9222
(909) 215-9570 mobile
jseymour@nationalcore.org
www.nationalcore.org

Seth Gellis

Pacific Premier Partners
1 Skipper
Irvine, CA 92604
(949) 278-3658
seth.gellis@buyertime.com

Peter M. Kulmaticki
Project Manager
J.D. Pierce Company
2222 Martin Street, Suite 100
Irvine, CA 92612
(949) 752-0676, ext. 8456
(949) 752-0674 (fax)
pkulmaticki@jdpierceco.com
www.jdpierceco.com

Ron Crisp
77053 California Drive
Palm Desert, CA 92211
(760) 774-6457
roncrisp@msn.com

Sean Flynn
Project Manager
Palm Desert Development Company
P.O. Box 3958
Palm Desert, CA 92261
(760) 568-1048
(760) 568-0761 (fax)
sflynn@pddc.net
www.pddc.net

Erren O'Leary
V.P. Land Sales & Disposition
Lewis Group of Companies
1156 N. Mountain Ave. P.O. Box 670
Upland, CA 91785-0670
(909) 946-7515
(909) 931-5510 (fax)
Erren.oleary@lewisop.com
www.lewisop.com

Saki Middleton
Related Companies
18201 Von Karmon Ave
Irvine, CA 92612
(949) 660-7272
smiddleton@related.com
www.related.com

Jess Edgren
Director of Acquisitions
Affirmed Housing Group
13520 Evening Creek Drive North, Suite
160
San Diego, CA 92128
(858) 679-2828, x1021
jess@affirmedhousing.com
www.affirmedhousing.com

Vincent Cornish
P.O Box 3737
Apple Valley, CA 92307
(719) 930-6896
cornishdesign@yahoo.com

Scott Gayner
Western Community Housing
151 Kalmus Drive, Suite J-5
Costa Mesa, CA 92626
(714) 549-4100, ext 105
(714) 549-4600 (fax)
(949) 338-6961 (cell)
scott@wchousing.org
www.wchousing.org

Mike Walsh
Project Manager
Coachella Valley Housing Coalition
45-701 Monroe Street
Indio, CA 92201
(760) 347-3157, ext 504
(800) 689-4663
www.cvhc.org
Mike.Walsh@cvhc.org

Mike Kelley
The Pacific Companies
555 Capitol Mall, Suite 410
Sacramento, CA 95814
(916) 492-2205
(916) 669-8033 (fax)
mikek@tpchousing.com
www.tpchousing.com

Mark Jacobs
Heritage Communities
960 North Tustin Street #250
Orange, CA, 92867
(714) 283-4802
mj@heritagecommunitiesinc.com

W.E (Bill).Jahn
Executive Vice President
The Northbridge Group, Inc.
798 Pine Knot Ave.
P.O. Box 134401
Big Bear Lake, Ca 92315
(909) 866-0050
(909) 866-8567 (fax)
thejahns@charter.net

Dino DeFazio
Artisan Realty
14173 Green Tree Blvd.
Victorville, CA 92395
(760) 951-5788
dinodefazio@yahoo.com

Joshua LaBarge
Opportune Companies
305 East 9th Street
Upland, CA 91786
(909) 931-9763, ext. 105
josh@qmgonline.com
www.opportuneco.com

John Okura
Jamboree Housing
17701 Cowan Ave #200
Irvine, CA 92614
(949) 214-2334
jokura@jamboreehousing.com
www.jamboreehousing.com

Attachment 2
Evaluation Criteria for RFQ/SOQ

Apple Valley Affordable Rental Housing SOQ Evaluation Criteria 3/22/11

Name of Firm: _____

Reviewer: _____ Signature: _____ Date: _____

Evaluation Criteria	Percent
EXPERIENCE	
1. Demonstrated success by the development entity on similar work previously performed.	25%
<ul style="list-style-type: none"> ✓ Capability to design, entitle and construct rental projects ✓ Quality and creativity of past housing developments ✓ Senior housing project experience ✓ Ability to complete projects on a timely basis ✓ Experience in working with jurisdictions/redevelopment agencies ✓ Compatibility of firm's experience with the Town's housing objectives ✓ Experience with LEED/green sustainable features <p>Comments:</p>	<p><i>Your Score:</i></p>
2. Capability to manage or secure management of projects of the proposed size:	20%
<ul style="list-style-type: none"> ✓ Experience and track record ✓ Senior housing project experience ✓ Adequacy of management plans ✓ Ongoing state and federal reporting and compliance <p>Comments:</p>	<p><i>Your Score:</i></p>
3. Experience in community outreach and working with surrounding neighborhoods to address neighborhood concerns	20%
<ul style="list-style-type: none"> ✓ Demonstrated ability to gain consensus among stakeholders ✓ Ability to foresee and resolve community issues ✓ Methods of gaining community support ✓ Adequacy of marketing plans 	<p><i>Your Score:</i></p>

Comments:		
QUALIFICATIONS		
4. Qualifications of the development entity's staff as well as its partnering entity or sub-consultants who will work on the project.		15%
<ul style="list-style-type: none"> ✓ Qualifications ✓ Education and training. ✓ Expertise in specific disciplines necessary to carry out affordable housing activities. ✓ Individual qualifications of assigned staff. ✓ Quality and extent of the firm's professional relationships with its partners and sub-consultants <p>Comments:</p>		<i>Your Score:</i>
DEMONSTRATION OF FINANCIAL CAPACITY		
5. Ability of the development entity to perform the professional services outlined in the RFQ.		20%
<ul style="list-style-type: none"> ✓ Development entity's financial strength ✓ Development entity's size, strength number of years in business ✓ Ability to obtain financing ✓ Experience with utilizing various financing mechanisms and securing tax credits ✓ Ability to leverage the Town's resources ✓ Extent of in-house resources available to complete the scope of services. <p>Comments:</p>		<i>Your Score:</i>
ANY ADDITIONAL COMMENTS		
TOTAL SCORE		

**Attachment 3
Request for Proposals (RFP)**

Town of Apple Valley

Request for Proposals (RFP)

Development of an Affordable Senior Rental Housing Complex

Issuance Date: March 29, 2011



Economic Development Department
14955 Dale Evans Parkway
Apple Valley, CA 92307

www.applevalley.org

**TOWN OF APPLE VALLEY
REQUEST FOR PROPOSALS (RFP)
AFFORDABLE SENIOR RENTAL HOUSING**

I. INTRODUCTION

The Town of Apple Valley (Town) and the Apple Valley Redevelopment Agency (Agency) are soliciting responses to this Request for Proposals (RFP) in order to enter into one or more partnerships with qualified firms experienced in the financing, development and operation of affordable rental housing projects to meet state housing production requirements. Respondents must be able to demonstrate their development experience, specifically in the area of subsidized affordable housing and be able to work cooperatively with staff to implement a successful housing development. Non-profit and for-profit developers may respond individually, or they may partner with another qualified developer.

This RFP is Part 2 of a two-step process. As part of the selection process, developers were required to submit a basic Statement of Qualifications (SOQ) and a brief concept proposal by March 15, 2011. A selection panel rated and selected the most qualified developers to be placed on a "Most Qualified List". A short list of three (3) developers are now invited to submit a more detailed development proposal. It is the Town's desire to invite the most qualified developer(s) to enter into a development agreement(s) for project implementation.

II. BACKGROUND

The Town is a suburban/semi-rural residential community located in the Victor Valley portion of the Inland Empire North along the Interstate 15 (I-15) freeway. Apple Valley, incorporated in 1988, encompasses approximately 78 square miles within its incorporated boundaries, with a sphere of influence encompassing 200 square miles. The Town has experienced rapid growth over the past two decades, from a population of 16,748 in 1980 to a current estimated population of 73,000 residents. The vast majority of the existing housing stock is comprised of single-family detached homes on minimum half-acre lots or larger. Multi-residential complexes, comprised predominantly of two (2) to four (4) unit structures, represent approximately 15% of the entire housing stock.

III. DESIRED DEVELOPMENT

It is the desire of the Town that one or more sites be developed as affordable quality senior rental housing development to benefit Low to Very Low income households. The development will be 100% affordable. All proposed projects must be in compliance with development standards pursuant to the Town's Development Code. It is important that the development complement the existing neighborhood architecturally and provide sufficient amenities to enhance the quality of living for its future residents. Since this is the first affordable rental project the Town will directly participate in financially, the need for this project to be a major success can not be overstated as it will set the standard for future affordable rental housing developments in the Town of Apple Valley.

IV. DEVELOPMENT SITE(S)

Respondents may submit more than one (1) viable site. However, all respondents must, at a minimum, submit a proposal for the Agency owned site described below. In addition, if the respondent wishes to submit an alternative site, it must provide a description of the location, APN, lot size, lot dimensions, zoning, labeled photos of the site, labeled photos of the adjacent uses, site location map and map showing proximity to services as appropriate. It is noted that respondents must submit evidence of site control for any non-Agency owned site it submits.

The Agency owned site consists of a vacant parcel containing 4.59 acres, zoned R-M (Multi-Family Residential). It is located at the northwest corner of Dale Evans Parkway and Thunderbird Road (APN 0441-133-01) in the Town of Apple Valley. The R-M zone permits a maximum density of 20 units per acre. A map depicting the site is attached hereto as Exhibit 1. A Sewer Feasibility Analysis, conducted in January 2009 is attached hereto as Exhibit 4.

Additional development standards, including Affordable Housing Bonuses pursuant to state law, may be found on the Town website at www.applevalley.org/index.aspx?page=391. Proposals **not** seeking Housing Density Bonuses will be given priority.

In accordance with the Town's Adopted Climate Action Plan, applicants are encouraged to incorporate Green Building practices, obtain a minimum Silver LEED certification and document Green House Gas reductions.

V. AFFORDABILITY REQUIREMENTS

The project is to be a 100% affordable project. Proposals should provide a mix of Low- and Very Low-Income based on the Riverside-San Bernardino County AMI. It is up to the Respondent to determine the ration (**ratio?**) of Low and Very Low units to ensure competitiveness and project feasibility.

Low-Income households are those that earn between 50% and 80% of the Riverside-San Bernardino County AMI, adjusted by family size. Very Low-Income households are those that earn up to 50% of the Riverside-San Bernardino County AMI, adjusted by family size.

The Agency owned site was acquired with Low and Moderate Income Housing funds. Therefore, pursuant to the California Community Redevelopment Law, covenants to maintain affordability will be provided for a term of 55 years.

VI. TOWN FINANCING

There are three (3) primary sources of revenue that may be made available for affordable housing under this RFP: (1) Agency's Low and Moderate Income Fund - \$10 million, (2) Bond proceeds - \$4.5 million in Redevelopment Project Area 2, (3) Neighborhood Stabilization Program (NSP 3) funds – approximately \$854,000 has been identified for acquisition/new construction activities in the draft Action Plan amendment. Depending on the source of financing, sites within specific redevelopment project areas

or NSP target areas may be desirable. Maps depicting the redevelopment project areas and NSP target areas are attached hereto as Exhibits 2 and 3, respectively.

VII. MINIMUM PROPOSAL SUBMITTAL REQUIREMENTS

Please provide a detailed development proposal that contains, at a minimum, the following information:

7. Provide a narrative project description in a concise narrative form to include the development concept for the site, description of the height, bulk, materials, and architectural design concept. Comment on the impact this project will have on the surrounding neighborhood.
8. Architectural drawings for conceptual review must be submitted and shall include a conceptual site plan with detailed project statistics including number of units, number of bedrooms, size and type of buildings, building elevations, total parking spaces, setbacks, circulation (ingress and egress), bus stop, amenities (such as laundry facilities, recreation facilities, and community space), etc. Include a conceptual landscape plan.
9. Provide a proposed development schedule to include entitlements timeline, commencement of construction, construction milestones, completion of construction, and lease-up.
10. Provide a detailed project pro forma for both a 4% tax credit project as well a conventional loan non-tax credit project to include the following information:
 - a. A list of assumptions upon which each pro forma is based. All assumptions should be provided through the use of notes.
 - b. Sources and uses for three points in the development cycle: pre-construction, construction, and permanent occupancy.
 - c. Development budgets should be as detailed as possible.
 - d. Number of units, sizes, rent and utility levels, targeted levels of affordability.
 - e. Cash flow schedule to show all debt service obligations for 55 years. Provide a full waterfall analysis for cash flow sharing and profit sharing arrangements anticipated with sufficient detail to be able to discern all payments to the development team/general partner/owner members (all layers of incentive management fees and cash flow sharing that may be obligated to different parties).
 - f. Information on all debt sources including term, interest rate including whether the rate is floating, fixed, a combination of both, re-pricing schedules if applicable, upfront and ongoing fees, amortization schedule, and name of intended debt providers and key contact people.
 - g. Information on equity providers including timing and provision of equity, equity provider and contact information, equity pricing and pay-in schedule.
 - h. Detailed operating budget.

11. Provide a specific Marketing Plan to include, if feasible, a local preference criteria system for selecting tenants while maintaining fair housing practices.
12. Provide a Management Plan for the proposed project.
13. Provide a Community Outreach Plan. The plan should include a pro-active plan of action stating how the applicant will engage the community and address any potential negative perceptions of what the project might bring to the community. The plan should outline specific steps to be taken before, during and after implementation of the project. Include some assessment of any controversy anticipated and any proposed actions to build community acceptance.

Unless otherwise fully addressed in the previous SOQ, the proposal will include a full description of the development team to include summaries of each firm and identify the chief executive and key staff that will be assigned to this project. Please complete Exhibit 5 with contact information for your development team.

VIII. SELECTION CRITERIA AND PROCESS

The selection of a development entity will be handled within strict and aggressive time constraints. Upon receipt of RFP submittals, a selection panel will evaluate each development proposal. The Town may invite one or more developers for a follow-up interview based upon the quality of the proposal submission. The established criteria to be used to rate the RFP submittals will include the following elements:

The tentative schedule for selecting a Developer or Developer Team, and approving a Development Agreement, is outlined below.

Council Approval to Release RFQ	February 22, 2011
RFQ Due Date	March 15, 2011
Release RFP	March 29, 2011
RFP Due Date	April 27, 2011 – 1:00 p.m.
Developer Interviews	May 10 – 12, 2011
Council Approval	May 24, 2011
Development Agreement Negotiation	May 25 – June 16, 2011
Town Council Approval OPA/DDA	June 28, 2011

IX. DISCLAIMERS

All facts and opinions stated herein and in any additional information, whether written or oral, provided by the Town/Agency and its representatives, is based on available information and is believed to be accurate. No representation or warranty is made with respect thereto.

The Town/Agency, reserves the right to issue written notice of any changes in the submission process, should the Town/Agency determine, in its sole and absolute discretion, that such changes are necessary.

Those submitting responses to this RFP assume all financial costs and risks of submission. No reimbursement or remuneration will be made by the Town/Agency to

cover the costs of any submittal whether or not such submittal is selected. The Town/Agency reserves the right to reject any or all submittals at its sole and absolute discretion and accepts no responsibility for any financial loss by such action.

X. RFP SUBMISSIONS

Interested developers must submit a signed cover letter with five (5) hard copies of the proposal and one electronic copy containing all data in pdf form on a CD. **All submittals are due no later than 1:00 p.m. on Wednesday, April 27, 2011. Submittals received after the deadline will not be considered.**

Submittals should be addressed to:

Emily Wong
Asst. Director of Economic Development and Housing
Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307

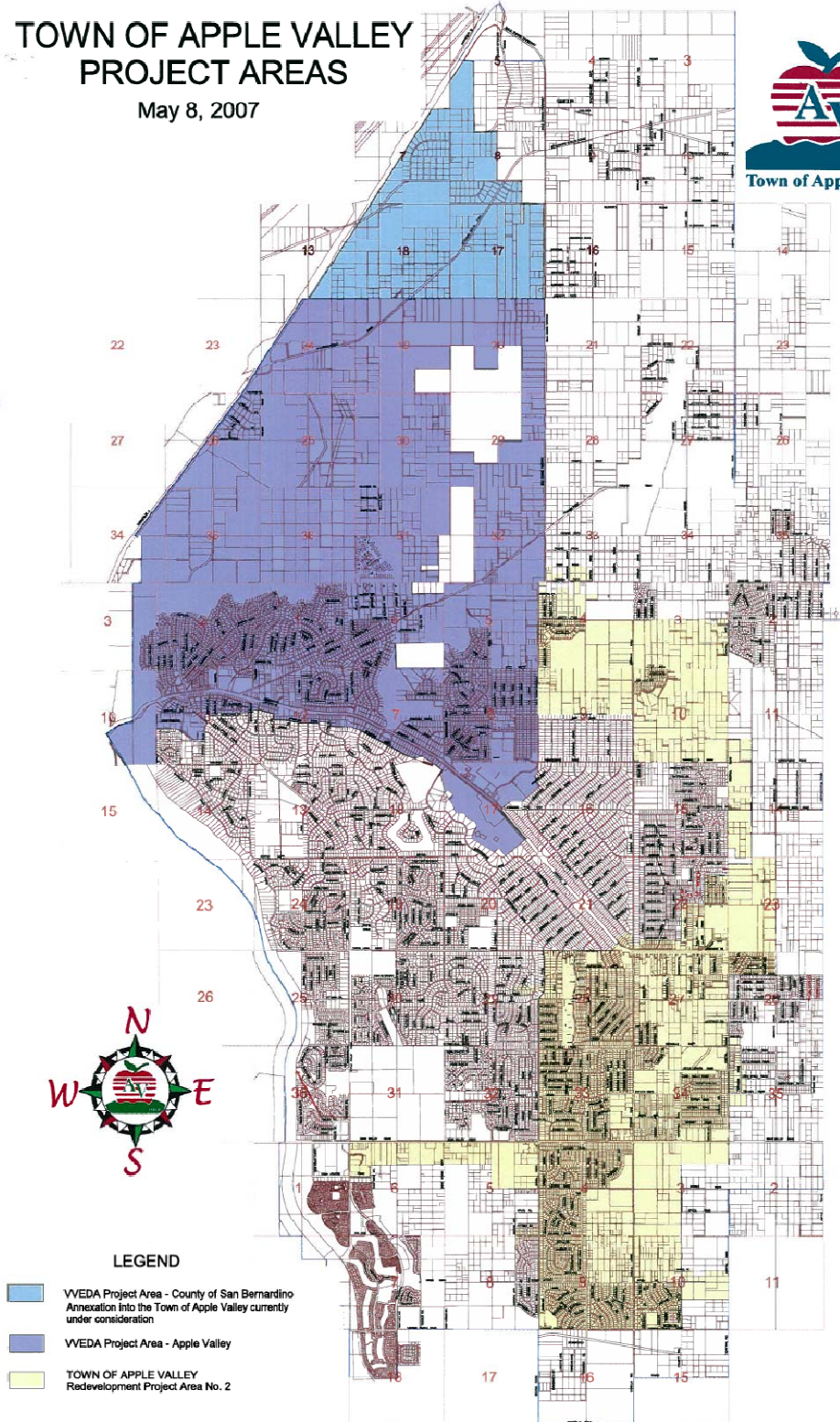
Facsimile or electronic transmissions will not be accepted. The Town, following review of the initial submission, may request additional information.

Any questions regarding the RFP process must be submitted in writing or emailed directly to Emily Wong, Asst. Director of Economic Development & Housing (ewong@applevalley.org) or Joseph Moon, Economic Development Specialist (jmoon@applevalley.org) at (760) 240-7000, extension 7900.



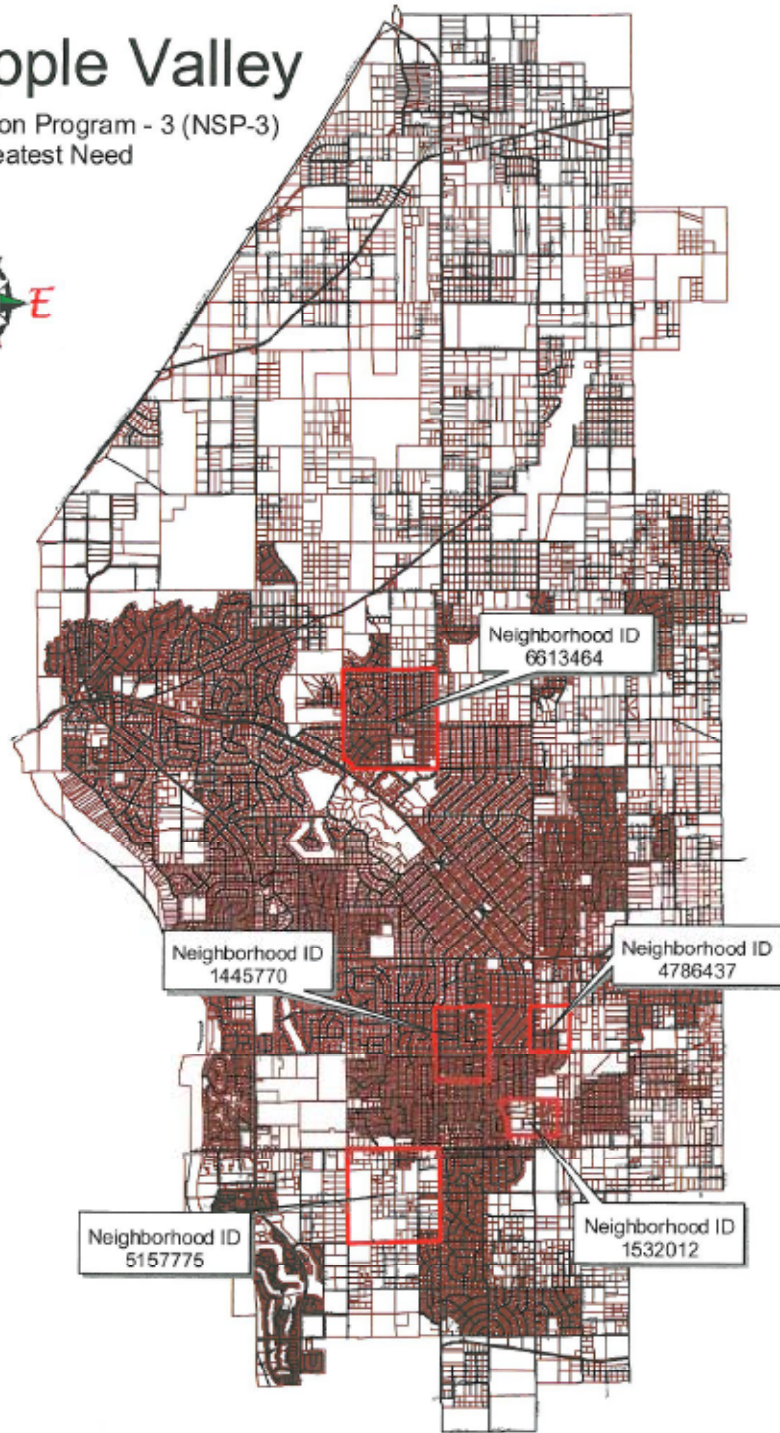
TOWN OF APPLE VALLEY PROJECT AREAS

May 8, 2007



Town of Apple Valley

Neighborhood Stabilization Program - 3 (NSP-3)
Areas of Greatest Need





**So & Associates
Engineers Inc.**

16209 KAMANA RD., SUITE 200 • P.O. BOX 1712 • APPLE VALLEY, CA 92307 • PHONE (760) 242-2365 FAX (760) 242-3083

January 19, 2009

113.0230-126

Town of Apple Valley
Public Works Department
14955 Dale Evans Parkway
Apple Valley, CA 92307

Attn: Mr. Dennis Cron
Director of Public Services

Reference: Sewer Feasibility Study for APN 0441-133-01 (TOWN PROJECT)

Dear Mr. Cron:

Per authorization from the Town of Apple Valley, our staff has completed a sewer feasibility study for APN 0441-133-01. We are pleased to submit this FINAL letter report for review and approval by the Town of Apple Valley.

A. PROJECT DESCRIPTION AND ESTIMATED WASTEWATER FLOW

The proposed project is a multi-family development (estimated 80 units total) inside a 5-acre parcel and is located to the north of Thunderbird Road, to the west of Dale Evans Parkway and to the east of Wichita Road as shown in Figure 1. The project lies within the southeast 1/4 of the southeast 1/4 of southeast 1/4 of Section 8, T5N, R3W. Because the plumbing fixture unit information for the project is not available at the time of preparing this report, each multi-family unit is considered as one equivalent dwelling unit (EDU) for the purpose of this study. The proposed project will be assigned with a total of 80 equivalent dwelling units. The owner or developer will be required to submit the final architectural plans to the Town in the future for verification of the estimated flow rate. Using a wastewater flow coefficient of 245 gallons per EDU, the number of EDU's and estimated flow for the proposed project are as follows:

Building	Quantities	Wastewater Duty Coefficient	Average Flow (GPD)	Peak Flow (GPD)
Multi-Family Units	80 EDUs*	245gpd/EDU	19,600	66,640
Total	80 EDUs		19,600	66,640

* Assumed based on the number of units. Developer is required to submit final plumbing plans for verification



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APPLE VALLEY, CA 92307
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B. ON-SITE / OFF-SITE SEWER

On-site Sewer: Developer is responsible for on-site collector sewer system and laterals. The sewer improvement plan must be submitted for plan check review by the Town of Apple Valley.

Off-site Sewer: An existing 10-inch collector sewer (financed by Assessment District 2B) along Thunderbird Road to the South of the property shown in Figure 1 is to make connection. Based on the sewer master plan (1993), the sewer model at build-out is presented in Table 1, which shows the capacities of the existing 10-inch sewer along Thunderbird Road, and existing 12-inch & 18-inch sewers downstream to convey wastewater to the existing AD No. 2B lift Station. The lift station pumps the raw sewage along Dale Evans Parkway via 10-inch and 12-inch force mains to the Apple Valley interceptor along Highway 18. The collector sewers downstream of the Project have excess capacities available at peak flow to handle the wastewater generated from the development (approx. 0.066 MGD). The allowable design capacity for the 10-inch and 12-inch sewers is typically at 50% flow depth of the pipe while that for the 18-inch sewer is 75%.

The sewer flow information provided in Table 1 is based on the sewer master plan prepared in 1993 and the numbers could vary with that of the actual as-builts. The proposed project can be connected to the existing sewer system via Manhole No.s 122, 135A and 135 along Thunderbird Road. The property owner must coordinate with Town's public works staff regarding the point(s) of connection.

C. LOCAL AND REGIONAL CONNECTION FEES

- (1) Developer Impact Fee - The Town of Apple Valley levies a developer impact fee (DIF) which is currently set at \$ 2,127.09 per unit. This fee will be adjusted annually based on the ENR construction cost index and be paid at final inspection of permitted construction. The estimated total DIF is approximately:

$$= \$ 2,127.09/\text{unit} \times 80 \text{ Units} = \$ 170,167.20$$

- (2) Local Buy-in Fee - The Town of Apple Valley currently levies a local buy-in fee of \$1,330.45 for parcels outside of an established sewer assessment district. This fee will be adjusted annually based on the ENR construction cost index and when the developer applies for a sewer connection permit. The estimated total local buy-in fee is approximately:

$$= \$ 1,373.25/\text{EDU} \times 80 \text{ EDUs} = \$ 109,860.00$$



So & Associates Engineers Inc.

16209 KAMANA ROAD, SUITE 200 · P.O. BOX 1712
APPLE VALLEY, CA 92307

(760) 242-3355 · FAX (760) 242-3083

- (3) Local Connection Fee - The Town of Apple Valley currently charges a local sewer impact fee of \$ 572.18 per EDU, based on actual plumbing fixture units installed. This fee is required to be paid when the developer applies for sewer connection permit. The estimated total local connection fee is approximately:

$$= \$ 572.18 /\text{EDU} \times 80 \text{ EDUs} = \$ 45,774.40$$

- (4) Regional VVWRA Connection Fee - This Fee for utilizing the regional interceptor/treatment plant facilities is presently set \$160.75 per plumbing fixture unit. Plumbing fixture unit determination is set forth by the Victor Valley Wastewater Reclamation Authority, generally conforming to the Uniform Plumbing Code, latest edition. For the purpose of this project, a typical 3-bedroom residential structure with about 20 plumbing fixture units will be considered as one EDU and will be required to pay \$ 3,215.00 based on actual Plumbing Fixture shown in the approved plans. For this project, the estimated regional connection fee is approximately (as of the date of this study report):

$$= \$ 3,215.00 / \text{EDU} \times 80 \text{ EDUs} = \$ 257,200.00$$

D. SUMMARY

The proposed project will be permitted to connect to the Town of Apple Valley's sewer system with the construction of the required off-site improvements meeting the requirements and payment of the local and regional connection fees as follow:

Developer Impact Fee	=	\$ 170,167.20
Local Buy-in Fee	=	\$ 109,860.00
Local Connection Fee	=	\$ 45,774.40
VVWRA Connection Fee	=	<u>\$ 257,200.00</u>

Total Estimated project Cost = **\$ 583,001.60**

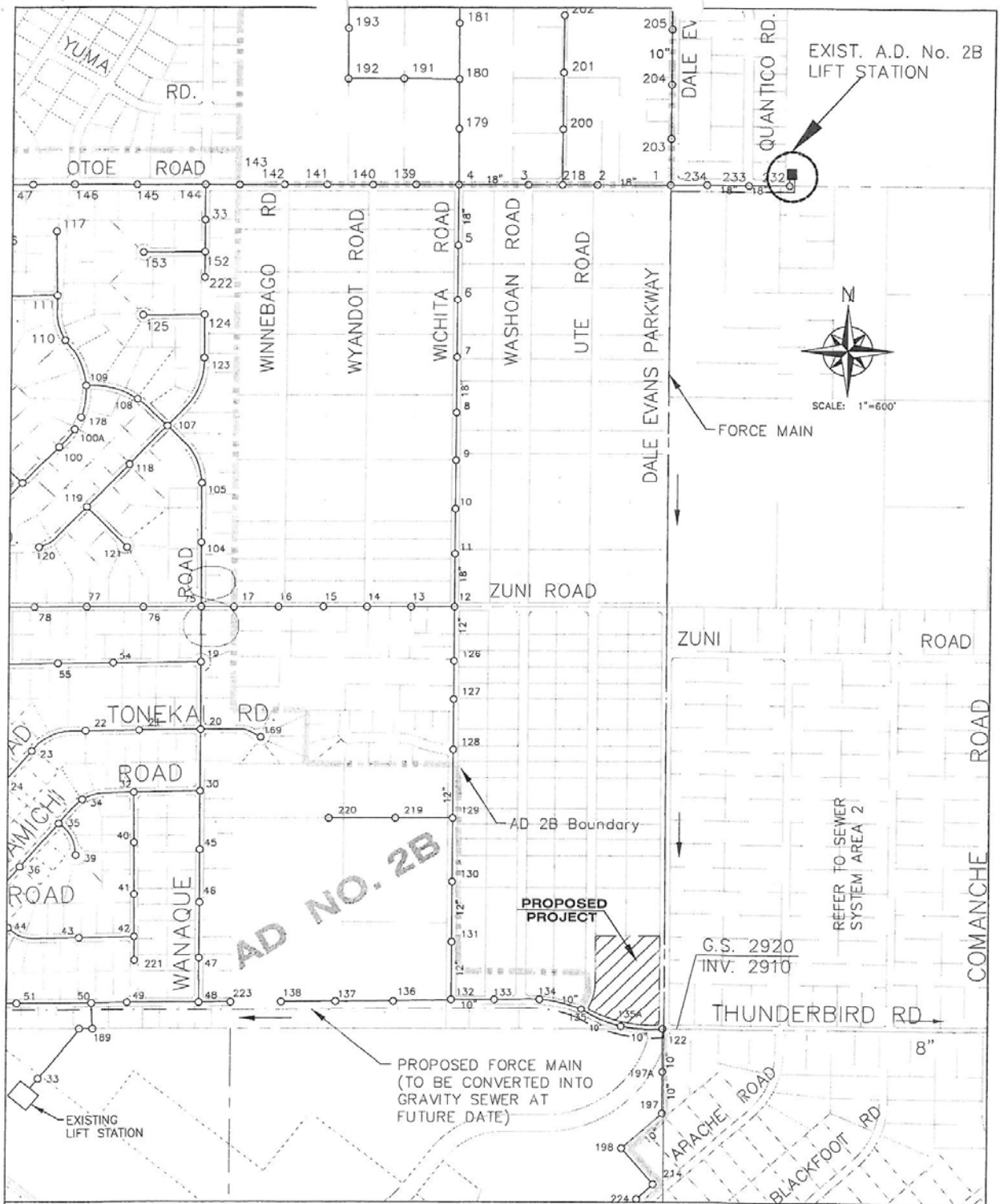
Information provided in this study is valid for a period of one year from the date when the final report is approved by the Town of Apple Valley. We trust that information provided in this study will be helpful to the Town of Apple Valley and the project developer.

Very truly yours,

Wilson F. So, P.E.
Department Engineer

Prepared By,

Kanchan Joshi






<p>PREPARED BY:</p>  <p>So & Associates Engineers Inc.</p>	LEGEND	 EXISTING SEWER	<p>FIGURE 1 TOWN OF APPLE VALLEY SEWER FEASIBILITY STUDY APN 0441-133-01 TOWN PROJECT</p>
	 PROPOSED PROJECT AREA		

TABLE 1
TOAV - Sewer Assessment District No. 2B
Sewer Flow at 100% Saturation (Based on 1993 Sewer Master Plan)

NO.	US MANHOLE		DS MANHOLE		LENGTH (FT)	PIPE (in)	SLOPE (%)	WASTEWATER FLOW		PIPE CAPACITY (MGD) ⁽¹⁾			PEAK CAP. AVAILABLE (MGD)	
	GROUND ELEV.	INVERT ELEV.	GROUND ELEV.	INVERT ELEV.				SUM AVG FLOW (MGD)	PEAK FLOW (MGD)	50%	75%	100%	50%	75%
197	2919.85	2911.74	2918.30	2911.03	386.22	10	0.184	0.0811	0.2630	0.304	0.553	0.608	0.041	0.290
197A	2918.30	2911.03	2917.70	2910.32	386.22	10	0.184	0.0811	0.2630	0.304	0.553	0.608	0.041	0.290
122	2917.60	2910.22	2918.40	2909.58	258.25	10	0.248	0.0811	0.2630	0.353	0.642	0.706	0.090	0.379
135A	2918.40	2909.58	2919.00	2908.93	258.75	10	0.251	0.0811	0.2630	0.355	0.646	0.711	0.092	0.383
135	2919.00	2908.93	2919.00	2907.96	386.22	10	0.251	0.0850	0.2750	0.355	0.646	0.710	0.080	0.371
134	2919.00	2907.96	2919.00	2907.41	218.40	10	0.252	0.0890	0.2850	0.356	0.647	0.711	0.071	0.362
133	2919.00	2907.41	2918.40	2906.87	218.41	10	0.247	0.0910	0.2920	0.352	0.641	0.705	0.060	0.349
132	2918.40	2906.70	2917.20	2905.75	379.37	12	0.250	0.1580	0.4790	0.577	1.050	1.154	0.098	0.571
131	2917.20	2905.75	2928.50	2904.79	385.00	12	0.249	0.1580	0.4790	0.576	1.048	1.152	0.097	0.569
130	2928.50	2904.79	2917.90	2903.89	359.69	12	0.250	0.1630	0.4920	0.577	1.049	1.154	0.085	0.557
129	2917.90	2903.88	2913.90	2902.74	453.35	12	0.251	0.1630	0.4940	0.578	1.052	1.157	0.084	0.558
128	2913.90	2902.74	2914.40	2902.05	282.96	12	0.244	0.1630	0.4940	0.570	1.036	1.139	0.076	0.542
127	2914.40	2902.05	2913.10	2901.32	290.00	12	0.252	0.1630	0.4940	0.579	1.053	1.157	0.085	0.559
126	2913.10	2901.32	2913.10	2900.24	329.87	12	0.327	0.1630	0.4940	0.660	1.200	1.320	0.166	0.706
12	2913.10	2899.99	2912.21	2898.56	216.13	18	0.199	0.6900	1.8030	1.519	2.763	3.038	-0.284	0.960
11	2912.21	2899.56	2912.25	2898.96	300.00	18	0.200	0.6900	1.8030	1.523	2.770	3.046	-0.280	0.967

Exhibit 5

(please complete for each site submitted)

Development Team

	Name	Contact/Title	Phone/ Email Address	Address
Architect				
Consultant				
Attorney				
General Contractor				
Construction Manager				
Property Manager				
Other				

Apple Valley Affordable Rental Housing RFP Evaluation Criteria 4/27/2011

Name of Firm: _____

Reviewer: _____ Signature: _____ Date: _____

Evaluation Criteria	Percent
CONCEPTUAL SITE DESIGN	
1. Project overall design, site layout and compatibility with Apple Valley community.	20%
<ul style="list-style-type: none"> ✓ Conciseness of narrative and project description ✓ Design details and construction ✓ Quality and number of amenities ✓ Circulation and transportation considerations ✓ Adherence to Town Design Guidelines ✓ Landscaping, setbacks and height consideration ✓ Neighborhood compatibility and appearance ✓ Incorporation of LEED/green sustainable features <p>Comments:</p>	<i>Your Score:</i>
2. Adequacy of entitlement schedule and development timeframe:	15%
<ul style="list-style-type: none"> ✓ Adequacy of entitlement and development schedule ✓ Feasibility of construction milestones ✓ Feasibility of completion of construction ✓ Feasibility of total lease-up date <p>Comments:</p>	<i>Your Score:</i>
MARKETING AND COMMUNITY OUTREACH	
3. Marketing methods and program	10%
<ul style="list-style-type: none"> ✓ Adequacy of marketing plan ✓ Methods incorporated to gaining community support ✓ Techniques used to gain consensus among stakeholders ✓ Methods proposed to foresee and resolve community issues <p>Comments:</p>	<i>Your Score:</i>
4. Methods of community outreach and working with surrounding neighborhoods to address neighborhood concerns	10%
<ul style="list-style-type: none"> ✓ Adequacy of the overall outreach plan ✓ Community engagement methods ✓ Assessment of anticipated controversy and proposed actions 	<i>Your Score:</i>

<ul style="list-style-type: none"> ✓ Individual qualifications of assigned staff ✓ Ability to work with staff to resolve issues. ✓ Quality of the firm's professional relationships with its partners and sub-consultants <p>Comments:</p>	
MANAGEMENT PLAN AND PRO FORMA INFORMATION	
5. Adequacy of management plan	15%
<ul style="list-style-type: none"> ✓ Adequacy of management plan ✓ Evidence of ongoing state and federal reporting and compliance ✓ Quality of management practices and techniques <p>Comments:</p>	<i>Your Score:</i>
6. Adequacy of pro forma.	30%
<ul style="list-style-type: none"> ✓ Completeness of the list of assumptions for pro forma ✓ Adequacy of sources for pre-construction, construction and permanent occupancy ✓ Feasibility and reasonableness of the proposed budget ✓ Reasonableness of levels of affordability ✓ Accuracy of cash flow schedule and debt obligations for 55 years ✓ Reasonableness of debt source terms, interest rate, amortization schedule and providers ✓ Accuracy of equity provider information , equity pricing and pay-in schedule ✓ Adequacy of detailed operating budget ✓ Ability to leverage the Town's resources ✓ Extent of in-house resources available to complete the scope of services. <p>Comments:</p>	<i>Your Score:</i>
ADDITIONAL COMMENTS	
TOTAL SCORE	

**Attachment 5
RFP Tally Sheet (Rankings)**

Apple Valley Affordable Housing RFP Tally Sheet

Company	% / Rank	% / Rank	% / Rank	% / Rank	% / Rank	Rank Points	Final Rank
<i>RELATED</i>	84 1	87 1	100 1	86 1	93 1	5	1
<i>AMCAL</i>	75 2	77 2	70 2	81 2	73 2	10	2
<i>Palm Desert Development</i>	59 3	67 3	60 3	72 3	63 3	15	3

**Attachment 6
RFP Review-Financial Analysis by Keyser Marston Associates**

POINTS OF INTEREST / DEVELOPER QUESTIONS

SENIOR CITIZENS APARTMENTS
DALE EVANS PARKWAY & THUNDERBIRD ROAD
APPLE VALLEY, CALIFORNIA

AMCAL PROPOSAL

Points of Interest:

- 1 The AMCAL proposal calls for the resident parking to be provided in surface spaces or carports. AMCAL provides an option that includes 00 garages at an extra cost of \$600,000.
- 2 The AMCAL scope of development does not include a swimming pool.
- 3 The AMCAL building costs are estimated at \$67 /Sf Net Bldg Area. This is lower than typical.
- 4 The AMCAL carport costs are estimated at \$7,070 /Space. This is higher than typical.
- 5 The AMCAL Architecture, Eng & Consulting costs are estimated at 15% of direct costs. This is higher than typical.
- 6 The AMCAL project includes 24 Low Income Units. The rent levels allowed at this income level may not be supportable in the marketplace.
- 7
The AMCAL pro forma includes on site manager salary of \$47,040 and rent of \$806 per month. Net equals \$37,380 per year.
- 8 AMCAL provided letters from Union Bank that identify 5.85/51.00 Tax Credit yield, and loan underwriting terms.

Questions:

- 1 If the Agency selects the option to provide garages, will the requested Agency assistance increase by \$800,000 or by some other amount.
- 2 AMCAL Bond Issuance Fees equal 21.88 points. A breakdown of the costs included in this fee should be provided.
- 3
AMCAL set the utility allowances at \$63 for 1-Bdrm units and \$72 for 2-Bdrms units. San Bernardino County Housing Authority utility allowance are set at \$75 and \$95, respectively. Housing Authority allowances were set in December 2010, and include Gas heating and cooking; Basic electricity; and Air conditioning. What utilities is AMCAL assuming that tenants will pay.
- 4 91% of the Agency assistance is proposed to be contributed during construction. AMCAL should be required to provide a timing schedule for the disbursements of Agency assistance.

PALM DESERT DEVELOPMENT COMPANY PROPOSAL

Points of Interest:

- 1 The scope of development included in the PDDC proposal requires a height variance for tower elements.
- 2 The Project includes carports instead of garages.
- 3 The Project includes 15 fully furnished one-bedroom units that will be rented to senior citizens who have been homeless or are at risk of being homeless, and that have been diagnosed with a mental illness.
- 4 The PDDC proposal calls 100% of the Agency assistance to be provided at the commencement of construction. It will be used to pay off predevelopment costs, and then the balance will represent the first draws for the project's construction. The assistance will be placed in a bank and the lender will make the draws.
- 5 The Project includes competitively awarded outside assistance including \$1 million from the Federal Home Loan Bank Affordable Housing Program (AHP) and MHSA funds from San Bernardino County totaling \$1.5 million upfront plus an annual subsidy of \$46,857. In addition, the receipt of \$1 million in predevelopment funds from the Western Community Housing Capital Magnet Fund is contingent on Board approval. If any of these funds are not awarded to the Project, the Agency assistance package will need to be re-evaluated.
- 6 PDDC includes \$899,732 in land acquisition costs in the pro forma, and then counts the Agency contribution of the land as a funding source. This treatment of the land acquisition increases the amount of bond funds that must be issued in order to meet the 50% test (the tax-exempt multifamily bonds must equal at least 50% of the property cost plus the eligible basis).
- 7 The PDDC pro forma identifies \$2.62 million in construction financing. Based on the PDDC cost estimate, the bond financing would need to total at least \$8.72 million to comply with the 50% test (\$17.44 million in land acquisition plus eligible basis multiplied times 50%). This modification will significantly increase the interest costs incurred during the construction period.
- 8 The PDDC project includes 28 Low Income Units. The rent levels allowed at this income level may not be supportable in the marketplace.
- 9 The PDDC pro forma includes on-site manager salary of \$35,000 and free rent.
- 10 PDDC set the annual contribution to the replacement reserve at \$500/unit. The other two developers set the contribution at \$250/unit.

Questions:

- 1 The PDDC pro forma does not include any permit fees. However, the funding sources do not include a fee waiver. Is PDDC asking for these fees to be waived, or are the fees included in the Developer Impact Fee category?
- 2 The PDDC pro forma does not provide a breakdown of the direct construction costs. PDDC should be required to disaggregate the \$10.58 million construction budget into the following categories: off-site improvements, on-site improvements, surface parking construction, carport construction, residential building construction, community room construction, contractors fees and profit, and direct cost contingency allowance.
- 3 PDDC set the utility allowances at \$59 for 1-Bdrm units and \$81 for 2-Bdrms units. San Bernardino County Housing Authority utility allowance are set at \$75 and \$95, respectively. Housing Authority allowances were set in December 2010, and include Gas heating and cooking; Basic electricity; and Air conditioning. What utilities is PDDC assuming that tenants will pay.
- 4 PDDC Bond Issuance Fees equal 25.66 points for the construction financing and 45.35 points for the permanent financing. A breakdown of the costs included in these fees should be provided.

POINTS OF INTEREST / DEVELOPER QUESTIONS

SENIOR CITIZENS APARTMENTS
DALE EVANS PARKWAY & THUNDERBIRD ROAD
APPLE VALLEY, CALIFORNIA

RELATED CALIFORNIA PROPOSAL

Points of Interest:

- 1 The Related scope of development requires a variance from the City's setback requirements.
- 2 The project includes garages. Most of the garages provide direct access to the units.
- 3
Related included the garage costs in the residential building costs, and the surface parking costs in the on-sites cost estimate.
- 4 Related provided a detailed cost breakdown of the off- and on-site improvements proposed to be constructed.
- 5 Related provided a market study in support of the rent projections used in the pro forma analysis.
- 6 Related rents are based on the assumption that the tenant is responsible for air conditioning and other electric costs. All other utilities are paid for by Related.
- 7 Related provided a letter from Union Bank that sets the Tax Credit rate at \$.93/\$1.00.

Questions:

- 1 78% of the Agency assistance is proposed to be contributed during construction. Related should be required to provide a timing schedule for the disbursements of Agency assistance.
- 2 The Developer Fee appears to equal 16.4% of the Project's Adjusted Eligible Basis. Doesn't that exceed the percentage allowed by TCAC?

TABLE 1

RFF REVIEW - FINANCIAL ANALYSIS
 PROJECT DESCRIPTION
 SENIOR CITIZENS APARTMENTS
 211 FVLNS PARKWAY & THUNDERBOLT ROAD
 APPLE VALLEY, CALIFORNIA

	AMCAL		Palm Desert Development Company		Related California	
I. Proposed Unit Mix						
One-bedroom Units	40		55		60	
Two-bedroom Units	10		14		16	
Three bedroom Units			1			
Total Units	50		73		76	
Density	10.9	Units / Acre	15.9	Units / Acre	16.6	Units / Acre
II. Proposed Unit Size						
One-bedroom Units	650	Square Feet	667	Square Feet	677	Square Feet
Two-bedroom Units	850	Square Feet	1,015	Square Feet	821	Square Feet
Three-bedroom Units			1,482	Square Feet		
Average Unit Size	690	Square Feet	745	Square Feet	707	Square Feet
III. Residential Living Area	34,500	Square Feet	54,378	Square Feet	53,756	Square Feet
IV. Affordability Mix						
Manager	1	2% of Total	1	1% of Total	1	1% of Total
60% Median	24	48% of Total	29	38% of Total		
50% Median	25	50% of Total	29	40% of Total		
45% Median					45	59% of Total
40% Median					30	39% of Total
30% Median			16	21% of Total		
Total Income Restricted Units	50	100% of Total	73	100% of Total	76	100% of Total
V. Parking Spaces						
Surface	0		31		21	
Carport	81		94		0	
Garage	0		0		75	
Total Parking Spaces	81	1.52 spaces/unit	125	1.71 spaces/unit	97	1.26 spaces/unit
VI. Community Room	1,800	SF Building Area	3,051	SF Building Area	3,000	SF Building Area

Prepared by: Keyser Marston Associates
 File name: AV_Dev Selection_5 8 11; Matrix

TABLE 2

RFF REVIEW - FINANCIAL ANALYSIS
 ESTIMATED DEVELOPMENT COSTS
 SENIOR CITIZENS APARTMENTS
 1111 FV LANE PARKWAY & THUNDERBOLT ROAD
 APPLE VALLEY, CALIFORNIA

	AMCAL		Palm Desert Development Company		Related California	
	\$0	\$0/Sf Land	\$900,000	\$4.50/Sf Land	\$0	\$0/Sf Land
I. Land Acquisition Costs						
II. <u>Direct Costs</u>						
On & Off Site Improvements	\$1,000,000	\$21,800 / Unit			\$2,372,000	\$31,200 / Unit
Parking Costs	573,000	\$7,100 / Space			0	Included In Bldg Costs
Residential Building	2,325,000	\$67 /Sf Net Bldg Area			3,885,000	\$72 /Sf Net Bldg Area
Community Center	121,000	\$67 /Sf Net Bldg Area			270,000	\$90 /Sf Net Bldg Area
Furnishings, Fixtures & Equipment	55,000	\$1,100 / Unit			250,000	\$3,300 / Unit
Contractor Costs	632,000	15.2% Other Direct Costs			1,026,000	15.1% Other Direct Costs
Contingency Allowance	250,000	5.2% Other Direct Costs			378,000	4.8% Other Direct Costs
Total Direct Costs	\$5,046,000		\$11,491,000 *		\$8,181,000	
III. <u>Indirect Costs</u>						
General Indirect Costs	\$1,200,000	21% Direct Costs	\$1,109,000	10% Direct Costs	\$1,551,000	19% Direct Costs
Public Permits & Fees	600,000	\$12,000 / Unit	1,796,000	\$24,600 / Unit	1,060,000	\$13,900 / Unit
Developer Fee	1,029,000	16% Adj Eligible Basis	1,773,000	12% Adj Eligible Basis	1,800,000	16% Adj Eligible Basis
Total Indirect Costs	\$2,829,000	56% Direct Costs	\$4,678,000	41% Direct Costs	\$4,411,000	54% Direct Costs
IV. <u>Financing Costs</u>						
Interest During Construction	\$181,000	4% Direct Costs	\$67,000	1% Direct Costs	\$361,000	4% Direct Costs
Financing Fees	350,000	7% Direct Costs	1,277,000	11% Direct Costs	423,000	5% Direct Costs
Reserve / TOAC Fees	194,000	\$3,000/Unit	161,000	\$2,200/Unit	141,000	\$1,000/Unit
Total Financing Costs	\$725,000	14% Direct Costs	\$1,505,000	13% Direct Costs	\$931,000	11% Direct Costs
V. Total Development Costs	\$8,600,000	\$172,000 / Unit	\$18,674,000	\$254,400 / Unit	\$13,523,000	\$177,900 / Unit
VI. Comments			*PDDC did not provide a breakdown of the estimated direct costs			

Prepared by: Keyser Marston Associates
 File name: AV_Dev Selection_5 8 11; Matrix

TABLE 3

RFF REVIEW - FINANCIAL ANALYSIS
 STABILIZED NET OPERATING INCOME
 SENIOR CITIZENS APARTMENTS
 1111 FVANS PARKWAY & THUNDERBOLT ROAD
 APPLE VALLEY, CALIFORNIA

	AMCAL		Palm Desert Development Company		Related California	
I. Monthly Rents						
Manager's Unit	1 Unit	\$805 / Month	1 Unit	\$0 / Month	1 Unit	\$0 / Month
One-bedroom Units						
60% Mediar	20 Units	\$666 / Month	23 Units	\$671 / Month		
50% Mediar	20 Units	\$546 / Month	20 Units	\$550 / Month		
45% Mediar					37 Units	\$502 / Month
40% Mediar					23 Units	\$441 / Month
30% Mediar			15 Units	\$396 / Month		
Two-bedroom Units						
60% Mediar	4 Units	\$805 / Month	5 Units	\$796 / Month		
50% Mediar	5 Units	\$609 / Month	9 Units	\$0 / Month		
45% Mediar					8 Units	\$594 / Month
40% Mediar					7 Units	\$521 / Month
II. Residential Income						
Gross Residential Income	\$379,100		\$490,300		\$445,400	
Laundry/Miscellaneous Income	3,600	\$6 / Unit / Month	13,000	\$15 / Unit / Month	5,500	\$6 / Unit / Month
Total Residential Income	\$382,700		\$503,300		\$450,900	
(Less) Vacancy & Collection Allowance	(26,800)	7.1% Rental Income	(37,700)	7.5% Rental Income	(21,500)	5.0% Rental Income
Plus: Annual Operating Subsidy (MUSA)			46,900			
Effective Gross Income	\$355,900		\$512,500		\$429,400	
III. Operating Expenses						
General Operating Expenses	\$197,600	\$3,952 / Unit	\$309,100	\$4,508 / Unit	\$259,400	\$3,413 / Unit
Property Taxes	0	\$0 / Unit	1,800	\$25 / Unit	0	\$0 / Unit
Services	16,200	\$324 / Unit	22,200	\$304 / Unit	18,000	\$237 / Unit
Other Expenses	4,000	\$80 / Unit	6,300	\$86 / Unit	0	\$0 / Unit
Replacement Reserve	12,500	\$250 / Unit	36,500	\$500 / Unit	19,000	\$250 / Unit
Total Operating Expenses	\$230,300	\$4,606 / Unit	\$395,900	\$5,423 / Unit	\$296,400	\$3,900 / Unit
IV. Net Operating Income	\$125,600		\$116,600		\$133,000	

Prepared by: Keyser Marston Associates
 File name: AV_Dev Selection_5 8 11; Matrix

TABLE 4

RFF REVIEW - FINANCIAL ANALYSIS
 FINANCIAL GAP CALCULATION
 SENIOR CITIZENS APARTMENTS
 2111 FV LANS PARKWAY & THUNDERBOLT ROAD
 APPLE VALLEY, CALIFORNIA

	AMCAL		Palm Desert Development Company		Related California	
I. Available Funding Sources						
Tax-Exempt Financing	\$1,417,000		\$1,332,000		\$1,450,000	
Debt Service Coverage Ratio	1.20		1.25		1.20	
Interest Rate	6.25%		5.75%		6.50%	
Tax Credit Equity	\$2,538,000	\$0.86 / Tax Credit \$	\$6,089,000	\$0.85 / Tax Credit \$	\$5,116,000	\$0.93 / Tax Credit \$
Deferred Developer Fee			\$4,000	\$55/Unit		
Federal Home Loan Bank - AHP			\$1,000,000			
San Bernardino County - MII ISA			\$1,000,000			
Interest Income			\$65,000			
Total Available Funding Sources	\$4,355,000		\$9,990,000		\$6,566,000	
II. Financial Gap Calculation						
Total Development Costs	\$8,600,000		\$18,574,000		\$13,523,000	
Total Available Funding Sources	(4,245,000)		(9,990,000)		(6,956,000)	
Total Financial Gap	\$4,245,000	\$84,000 / Unit	\$8,684,000	\$117,600 / Unit	\$6,067,000	\$91,600 / Unit
III. Cash Flow Assumptions						
Total Partnership Management Fees	\$20,000	\$400 / Unit	\$58,500	\$801 / Unit	\$10,000	\$132 / Unit
Agency Share of Cash Flow	50%		50%		50%	
Interest Rate on Agency Loan	3.0%		3.0%		3.0%	
Inflation						
Rent	2.0%		2.5%		2.5%	
Cost/Expense	3.0%		3.5%		3.5%	

Prepared by: Keyser Marston Associates
 File name: AV_Dev Selection_5 8 11; Matrix

May 26, 2011

Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307

Attention: Mayor Scott Nassif
Mayor Pro Tem Barb Stanton
Councilmember Rick Roelle
Councilmember Ginger Coleman
Councilmember Curt Emick

Re: Formal Request for Appeal of Item 12
Town Council Agenda-May 24, 2011

Dear Town Council:

On behalf of The Related Companies of California, please accept this letter as our formal appeal of your decision to award the senior project on Dale Evans Parkway and Thunderbird Road to a firm not recommended or endorsed by your City Staff.

We believe there are serious ramifications to your decision that should be highlighted for your review and consideration. We believe your decision was made without consideration of the substantive findings of your Staff's review and recommendations. We ask you to please consider the following points in re-evaluating your current decision and formally request a re-hearing on this matter.

CITY STAFF

The RFQ/RFP process is designed to highlight the development concept of a potential project within a city. Your Staff did an excellent job of working with Council to come up with overall criteria to judge each of the 3 final applicants.

At your direction, Staff (along with Emily Wong and Joseph Moon) selected representatives from the cities of Fontana, Ontario and Lancaster to review each of the applications and score them overall based on 6 predetermined items of importance. Those RFP presentations were then submitted on April 27th to Emily Wong at City Hall. We have attached a copy of this evaluation form as Exhibit #1 to this request.

Each applicant was required to submit a financial section with their final RFP submission. Emily then selected Kathe Head of Keyser Marston to evaluate the numbers of each applicant and help select a developer whose proposed project best represented the overall concept of the Council.

Together with the representatives of each of the cities (and Kathe Head), they collectively judged Related as the overall winner based on the 6 topics of importance and the 35 levels of evaluating criteria. This process was a major undertaking by a City Staff, but one that was well organized out and executed without flaw.

We estimate there were between 2,000 and 3,000 man hours of participation in the overall evaluation of this project. We arrived at that number by estimating the time each member of your Staff devoted to this process along with the representatives you retained for their expertise in areas of affordable housing. Those representatives were from Fontana, Ontario, Lancaster and a paid consultant (Kathe Head) from Keyser Marston. They were joined on the committee by Emily Wong and Joseph Moon. Additionally, we considered the time each of the applicants devoted to their responses that were submitted to you for this project.

Your vote on Tuesday night in effect reduced the level of work your Staff and others dedicated to this process on your behalf, to a level of insignificance. Think about the message this sends to your Staff and others you trusted to assist you at arriving at a fair and open decision. Nevertheless, we understand and appreciate the fact you can override City Staff recommendations on any occasion. However, in this case you placed a 5-0 vote against your top level staff along with representatives from Fontana, Ontario, Lancaster, and a paid consultant that uniformly took your criteria and ranked Related as the most qualified developer to construct this site.

Finally, you ignored the overall scoring that you and your Staff used as a criteria to determine a winner. With the lowest score winning, Related scored 5 points, Amcal scored 10 points and Palm Desert scored 15 points. That means Related doubled the score of Amcal and tripled the score over Palm Desert. Your vote in effect eliminates the efforts of your Staff and consultants and substitutes your experience and expertise in affordable housing matters for that of your retained and paid consultants.

DENSITY

Site density was the only topic raised by Council on Tuesday night as the determining factor for their final vote. Nowhere within the 6 main topics of evaluation (Exhibit A) or the 35 sub topics subsequently listed, is density even directly identified as a tool of measurement.

Section IV of the RFP simply states:

*“The R-M zone permits a maximum density of 20 units to the acre.”
“Proposals NOT seeking Density Bonuses will be given priority”.*

That was the standard used to submit a site plan. Nowhere within the application does it mention density as a determining factor in evaluating a winning proposal for this project. However, your vote on Tuesday evaluated density as the ONLY determining factor used to approve the applicant. Use of that measure alone is not consistent with the application procedure or with the extensive evaluations conducted by your Staff and consultants. Interestingly, if density were used as a level of measurement in your RFP, then it could logically only applied in Section 1, “PROJECT OVERALL DESIGN, SITE LAYOUT AND COMPATIBILITY WITH APPLE VALLEY COMMUNITY, (see Exhibit “A”). This overall category (Section 1 of 6) contains only 20% of your final score. Within this category are 8 sub topics to be covered. That would give the total weighting to density (if used as measurement) of 2-3% of your final score. However, it was the only topic discussed by the Council to determine the winning proposal, to the exclusion of any meaningful discussion of the substantive, relative merits of the proposed project.

REDEVELOPMENT FALLOUT

Each of us shares a common interest in protecting our privileges to work in the area of Redevelopment. We all know the scrutiny the agencies throughout the State of California are currently under that may ultimately threaten their continued funding. Sacramento recently listed 20 of the top cities in California that have mis-managed their agency funds. They use that information against the balance of the well run Redevelopment Agencies and Housing Authority’s to paint an overall picture of corruption and mis-management by all. However fair or unfair that may seem, it’s a fact we are all dealing with in our efforts to keep Sacramento away from local funds.

Your current decision will carry consequences well beyond your vote on Tuesday night. In summary:

- You voted to approve FEWER units for MORE money per unit on this project. Here is the math:

Related Total Costs: \$13,520,399 for 76 units: \$177,900 per unit. Includes garages.

Amcal Total Costs: \$ 9,479,865 for 50 units: \$189,597 per unit. Includes garages.

(See item 6 under Proforma of the AMcal submission)

That decision will be challenged in the press, in local politics and by your voting constituents in Apple Valley. We believe the state could also use this decision as another argument for eliminating Redevelopment Agency's in the future. Effectively, your decision will be difficult to justify moving forward. In our opinion from a redevelopment standpoint it is simply indefensible. Someone is going to ask how you could go against your staff and consultants recommendations to approve a project where final numbers are made so public. Someone will also pick up on your paid consultants' recommendation to approve the Related proforma over all others. This type of decision attracts opponents of redevelopment and fuels the fire of controversy as to how and why certain decisions were made in the first place. We see it on a daily basis.

- We are not requesting you adopt 76 or even 50 units for the site. If, after you select a winner for the RFQ/RFP process and decide that fewer or possibly more units should be considered, then simply make adjustments during the DDA process and change the proforma accordingly.
- Your decision has separated the Council from your Staff and other consultants by moving ahead with a 5-0 against their recommendations. Although that is your right, you have replaced their background and experience with that of your own. Are you versed enough in Redevelopment Law and Affordable Housing to take on this responsibility? Your vote has essentially placed you on an island and you cannot look for backup or support from your local Staff as the result of the thorough and comprehensive evaluation Staff performed that resulted in a far different but wholly supported decision. Their findings and yours are polar opposite. In essence, your decision is not supported by the findings or the evidence represented by the Staff report and recommendation.
- Your decision to cast your vote or approval based on density alone is not consistent with the rules of the RFQ/RFP process approved by the Apple Valley Town Council. As discussed, that decision will be challenged by a number of people and agencies on a variety of levels. We believe that your defense of this approval cannot rest alone upon the question of density.

REQUEST FOR APPEAL

The final vote of the Council in effect awards Related second place for a winning proposal. If we had been judged as second in the overall process, you would not be receiving this request. However, in this case the facts and fallout of your decision require us to respectfully ask you to reconsider your decision.

Respectfully,

R. Stan Smith
Vice President

POINTS OF INTEREST / DEVELOPER QUESTIONS

**SENIOR CITIZENS APARTMENTS
DALE EVANS PARKWAY & THUNDERBIRD ROAD
APPLE VALLEY, CALIFORNIA**

AMCAL PROPOSAL

Points of Interest:

- 1 The AMCAL proposal calls for the resident parking to be provided in surface spaces or carports. AMCAL provides an option that includes 80 garages at an extra cost of \$800,000.
- 2 The AMCAL scope of development does not include a swimming pool.
- 3 The AMCAL building costs are estimated at \$67 /Sf Net Bldg Area. This is lower than typical.
- 4 The AMCAL carport costs are estimated at \$7,070 /Space. This is higher than typical.
- 5 The AMCAL Architecture, Eng & Consulting costs are estimated at 15% of direct costs. This is higher than typical.
- 6 The AMCAL project includes 24 Low Income Units. The rent levels allowed at this income level may not be supportable in the marketplace.
- 7
The AMCAL pro forma includes on-site manager salary of \$47,040 and rent of \$805 per month. Net equals \$37,380 per year.
- 8 AMCAL provided letters from Union Bank that identify \$.86/\$1.00 Tax Credit yield, and loan underwriting terms.

Questions:

- 1 If the Agency selects the option to provide garages, will the requested Agency assistance increase by \$800,000 or by some other amount.
- 2 AMCAL Bond Issuance Fees equal 21.88 points. A breakdown of the costs included in this fee should be provided.
- 3
AMCAL set the utility allowances at \$63 for 1-Bdrm units and \$72 for 2-Bdrms units. San Bernardino County Housing Authority utility allowance are set at \$75 and \$95, respectively. Housing Authority allowances were set in December 2010, and include Gas heating and cooking; Basic electricity; and Air conditioning. What utilities is AMCAL assuming that tenants will pay.
- 4 91% of the Agency assistance is proposed to be contributed during construction. AMCAL should be required to provide a timing schedule for the disbursements of Agency assistance.

POINTS OF INTEREST / DEVELOPER QUESTIONS

**SENIOR CITIZENS APARTMENTS
DALE EVANS PARKWAY & THUNDERBIRD ROAD
APPLE VALLEY, CALIFORNIA**

PALM DESERT DEVELOPMENT COMPANY PROPOSAL

Points of Interest:

- 1 The scope of development included in the PDDC proposal requires a height variance for tower elements.
- 2 The Project includes carports instead of garages.
- 3 The Project includes 15 fully furnished one-bedroom units that will be rented to senior citizens who have been homeless or are at risk of being homeless, and that have been diagnosed with a mental illness.
- 4 The PDDC proposal calls 100% of the Agency assistance to be provided at the commencement of construction. It will be used to pay off predevelopment costs, and then the balance will represent the first draws for the project's construction. The assistance will be placed in a bank and the lender will make the draws.
- 5 The Project includes competitively awarded outside assistance including \$1 million from the Federal Home Loan Bank Affordable Housing Program (AHP) and MHSA funds from San Bernardino County totaling \$1.5 million upfront plus an annual subsidy of \$46,857. In addition, the receipt of \$1 million in predevelopment funds from the Western Community Housing Capital Magnet Fund is contingent on Board approval. If any of these funds are not awarded to the Project, the Agency assistance package will need to be re-evaluated.
- 6 PDDC includes \$899,732 in land acquisition costs in the pro forma, and then counts the Agency contribution of the land as a funding source. This treatment of the land acquisition increases the amount of bond funds that must be issued in order to meet the 50% test (the tax-exempt multifamily bonds must equal at least 50% of the property cost plus the eligible basis).
- 7 The PDDC pro forma identifies \$2.62 million in construction financing. Based on the PDDC cost estimate, the bond financing would need to total at least \$8.72 million to comply with the 50% test (\$17.44 million in land acquisition plus eligible basis multiplied times 50%). This modification will significantly increase the interest costs incurred during the construction period.
- 8 The PDDC project includes 28 Low Income Units. The rent levels allowed at this income level may not be supportable in the marketplace.
- 9 The PDDC pro forma includes on-site manager salary of \$35,000 and free rent.
- 10 PDDC set the annual contribution to the replacement reserve at \$500/unit. The other two developers set the contribution at \$250/unit.

Questions:

- 1 The PDDC pro forma does not include any permit fees. However, the funding sources do not include a fee waiver. Is PDDC asking for these fees to be waived, or are the fees included in the Developer Impact Fee category?
- 2 The PDDC pro forma does not provide a breakdown of the direct construction costs. PDDC should be required to disaggregate the \$10.58 million construction budget into the following categories: off-site improvements, on-site improvements, surface parking construction, carport construction, residential building construction, community room construction, contractors fees and profit, and direct cost contingency allowance.
- 3 PDDC set the utility allowances at \$59 for 1-Bdrm units and \$81 for 2-Bdrms units. San Bernardino County Housing Authority utility allowance are set at \$75 and \$95, respectively. Housing Authority allowances were set in December 2010, and include Gas heating and cooking; Basic electricity; and Air conditioning. What utilities is PDDC assuming that tenants will pay.
- 4 PDDC Bond Issuance Fees equal 25.66 points for the construction financing and 45.35 points for the permanent financing. A breakdown of the costs included in these fees should be provided.

POINTS OF INTEREST / DEVELOPER QUESTIONS

SENIOR CITIZENS APARTMENTS
DALE EVANS PARKWAY & THUNDERBIRD ROAD
APPLE VALLEY, CALIFORNIA

RELATED CALIFORNIA PROPOSAL

Points of Interest:

- 1 The Related scope of development requires a variance from the City's setback requirements.
- 2 The project includes garages. Most of the garages provide direct access to the units.
- 3 Related included the garage costs in the residential building costs, and the surface parking costs in the on-sites cost estimate.
- 4 Related provided a detailed cost breakdown of the off- and on-site improvements proposed to be constructed.
- 5 Related provided a market study in support of the rent projections used in the pro forma analysis.
- 6 Related rents are based on the assumption that the tenant is responsible for air conditioning and other electric costs. All other utilities are paid for by Related.
- 7 Related provided a letter from Union Bank that sets the Tax Credit rate at \$.93/\$1.00.

Questions:

- 1 78% of the Agency assistance is proposed to be contributed during construction. Related should be required to provide a timing schedule for the disbursements of Agency assistance.
- 2 The Developer Fee appears to equal 16.4% of the Project's Adjusted Eligible Basis. Doesn't that exceed the percentage allowed by TCAC?

TABLE 1

RFP REVIEW - FINANCIAL ANALYSIS
 PROJECT DESCRIPTION
 SENIOR CITIZENS APARTMENTS
 DALE EVANS PARKWAY & THUNDERBIRD ROAD
 APPLE VALLEY, CALIFORNIA

	AMCAL	Palm Desert Development Company	Related California
I. Proposed Unit Mix			
One-bedroom Units	40	58	60
Two-bedroom Units	10	14	16
Three-bedroom Units		1	
Total Units	50	73	76
Density	10.9 Units / Acre	15.9 Units / Acre	16.6 Units / Acre
II. Proposed Unit Sizes			
One-bedroom Units	650 Square Feet	667 Square Feet	677 Square Feet
Two-bedroom Units	850 Square Feet	1,015 Square Feet	821 Square Feet
Three-bedroom Units		1,482 Square Feet	
Average Unit Size	690 Square Feet	745 Square Feet	707 Square Feet
III. Residential Living Area	34,500 Square Feet	54,378 Square Feet	53,756 Square Feet
IV. Affordability Mix			
Manager	1	1	1
60% Median	24	28	1% of Total
50% Median	25	29	38% of Total
45% Median			40% of Total
40% Median			45
30% Median		15	30
			59% of Total
			39% of Total
Total Income Restricted Units	50	73	76
	100% of Total	100% of Total	100% of Total
V. Parking Spaces			
Surface	0	31	21
Carport	81	94	0
Garage	0	0	76
Total Parking Spaces	81	125	97
	1.62 spaces/unit	1.71 spaces/unit	1.28 spaces/unit
VI. Community Room	1,800 Sf Building Area	3,051 Sf Building Area	3,000 Sf Building Area

Prepared by: Keyser Marston Associates
 File name: AV_Dev Selection_5 8 11; Matrix

TABLE 2

RFP REVIEW - FINANCIAL ANALYSIS
 ESTIMATED DEVELOPMENT COSTS
 SENIOR CITIZENS APARTMENTS
 DALE EVANS PARKWAY & THUNDERBIRD ROAD
 APPLE VALLEY, CALIFORNIA

	AMCAL		Palm Desert Development Company		Related California	
	\$0	\$0/Sf Land	\$900,000	\$4.50/Sf Land	\$0	\$0/Sf Land
I. Land Acquisition Costs						
II. Direct Costs						
On- & Off-Site Improvements	\$1,090,000	\$21,800 / Unit			\$2,372,000	\$31,200 / Unit
Parking Costs	573,000	\$7,100 / Space			0	Included in Bldg Costs
Residential Building	2,325,000	\$67 /Sf Net Bldg Area			3,885,000	\$72 /Sf Net Bldg Area
Community Center	121,000	\$67 /Sf Net Bldg Area			270,000	\$90 /Sf Net Bldg Area
Furnishings, Fixtures & Equipment	55,000	\$1,100 / Unit			250,000	\$3,300 / Unit
Contractor Costs	632,000	15.2% Other Direct Costs			1,026,000	15.1% Other Direct Costs
Contingency Allowance	250,000	5.2% Other Direct Costs			378,000	4.8% Other Direct Costs
Total Direct Costs	\$5,046,000		\$11,491,000 *		\$8,181,000	
III. Indirect Costs						
General Indirect Costs	\$1,200,000	24% Direct Costs	\$1,109,000	10% Direct Costs	\$1,551,000	19% Direct Costs
Public Permits & Fees	600,000	\$12,000 / Unit	1,796,000	\$24,600 / Unit	1,060,000	\$13,900 / Unit
Developer Fee	1,029,000	15% Adj Eligible Basis	1,773,000	12% Adj Eligible Basis	1,800,000	16% Adj Eligible Basis
Total Indirect Costs	\$2,829,000	56% Direct Costs	\$4,678,000	41% Direct Costs	\$4,411,000	54% Direct Costs
IV. Financing Costs						
Interest During Construction	\$181,000	4% Direct Costs	\$67,000	1% Direct Costs	\$367,000	4% Direct Costs
Financing Fees	350,000	7% Direct Costs	1,277,000	11% Direct Costs	423,000	5% Direct Costs
Reserves / TCAC Fees	194,000	\$3,900/Unit	161,000	\$2,200/Unit	141,000	\$1,900/Unit
Total Financing Costs	\$725,000	14% Direct Costs	\$1,505,000	13% Direct Costs	\$931,000	11% Direct Costs
V. Total Development Costs	\$8,600,000	\$172,000 / Unit	\$18,574,000	\$254,400 / Unit	\$13,523,000	\$177,900 / Unit
VI. Comments						

*PDDC did not provide a breakdown of the estimated direct costs

TABLE 3

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Plus: Annual Operating Subsidy (MHSA)		46,900	
Effective Gross Income	\$355,900	\$512,500	\$428,400
III. Operating Expenses			
General Operating Expenses	\$197,600	\$329,100	\$259,400
Property Taxes	0	1,800	0
Services	16,200	22,200	18,000
Other Expenses	4,000	6,300	0
Replacement Reserve	12,500	36,500	19,000
Total Operating Expenses	\$230,300	\$395,900	\$296,400
IV. Net Operating Income	\$125,600	\$116,600	\$132,000
			\$3,413 / Unit
			\$0 / Unit
			\$237 / Unit
			\$0 / Unit
			\$250 / Unit
			\$3,900 / Unit
			\$15 / Unit / Month
			7.5% Rental Income
			\$6 / Unit / Month
			7.0% Rental Income
			\$6 / Unit / Month
			\$3,952 / Unit
			\$0 / Unit
			\$324 / Unit
			\$80 / Unit
			\$250 / Unit
			\$4,606 / Unit
			\$5,423 / Unit

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Interest Rate	6.25%	5.75%	6.50%
Tax Credit Equity	\$2,938,000	\$6,089,000	\$5,116,000
	\$0.86 / Tax Credit \$	\$0.85 / Tax Credit \$	\$0.93 / Tax Credit \$
Deferred Developer Fee		\$4,000	\$55/Unit
Federal Home Loan Bank - AHP		\$1,000,000	
San Bernardino County - MHSA		\$1,500,000	
Interest Income		\$65,000	
Total Available Funding Sources	\$4,355,000	\$9,990,000	\$6,566,000
II. Financial Gap Calculation			
Total Development Costs	\$8,600,000	\$18,574,000	\$13,523,000
Total Available Funding Sources	(4,355,000)	(9,990,000)	(6,566,000)
Total Financial Gap	\$4,245,000	\$8,584,000	\$6,957,000
	\$84,900 / Unit	\$117,600 / Unit	\$91,500 / Unit
III. Cash Flow Assumptions			
Total Partnership Management Fees	\$20,000	\$58,500	\$10,000
Agency Share of Cash Flow	50%	50%	50%
Interest Rate on Agency Loan	3.0%	3.0%	3.0%
Inflation			
Rent	2.0%	2.5%	2.5%
Cost/Expense	3.0%	3.5%	3.5%