

# REQUEST FOR PROPOSALS

City of West Hollywood – Issued May 26, 2015

## Incentive Programs for Rehabilitation of Aging Privately Owned Apartment Buildings, and Exploration of a Partial Cost Pass-Through Program for Building Rehabilitation

Issued by: City of West Hollywood  
8300 Santa Monica Boulevard  
West Hollywood, CA 90069

**Submittals due: June 16, 2015, no later than 3:00 pm**

Submit: City of West Hollywood  
Rent Stabilization and Housing Manager  
8300 Santa Monica Boulevard  
West Hollywood, CA 90069  
Attn: Peter Noonan

Project Manager: Peter Noonan, AICP CEP, Rent Stabilization and Housing Manager  
Rent Stabilization and Housing Division  
323-848-6596  
[pnoonan@weho.org](mailto:pnoonan@weho.org)

### **Introduction and Schedule**

The City of West Hollywood is seeking an expert to identify, analyze and recommend incentive programs that the City could develop for the rehabilitation of aging privately owned apartment buildings in the City. Additionally, the City is seeking an expert to explore potential cost sharing pass-through programs that allow a property owner to pass-through some of the cost of rehabilitating buildings to tenants and explore the potential of offering such a program in the City of West Hollywood to incentivize rehabilitation of aging apartment buildings.

Responders to this RFP may propose to conduct both the exploration of rehabilitation incentives and the possible cost pass-through program together, or may provide a proposal to conduct one of the two. It will be assumed that all proposals submitted include both studies, if only one study is proposed the project proposal should clearly indicate this.

<u>RFP Schedule and Deadlines</u>	<u>Date</u>
Announcement by the City	May 25, 2015
Submittal due date (3:00pm PST)	June 16, 2015
Screening process, proposal and pricing evaluation	June 16-17, 2015
Finalist(s) selected	June 18, 2015
Award contact and contract signing	June, 2015

Start date July, 2015

The City reserves the right to adjust this schedule as it deems necessary.

### **West Hollywood**

Residential rehabilitation is essential for sustaining the useful life of housing stock, which in the United States tends to be close to 50 years old on average. In 2013, the median housing unit in the United States was “forty-something” (built 1969), and in central cities, it was “fifty-something” (built 1961). The City of West Hollywood is dedicated to maintaining the quality of its residential housing stock and keeping that housing stock affordable for its residents. Like housing in the United States in general, much of the housing in the City of West Hollywood was constructed in the middle of the last century, and over 90-percent of housing in the City was constructed prior to 1985.

Today, the housing stock in West Hollywood has aged and many buildings require major upgrades to key systems, such as electrical, plumbing, and roofing, in order to continue to offer the quality of living that such buildings have offered in the past. Additionally, most of the apartment buildings in West Hollywood were constructed prior to current accessibility requirements (ADA was established 25 years ago, while over 90-percent of housing in the City was constructed more than 30 years ago) and do not meet current requirements for access (stairs with no elevators or ramps, narrow doorways and hall widths). The most common type of apartment buildings in West Hollywood are buildings with ‘tuck-under’ parking provided on a ‘soft story’ at the ground floor with units located on the floors above. The residential units are most commonly accessed only by stairs and elevators or ramps are not provided. Due to these design features, existing buildings in the city oftentimes present challenges for mobility impaired individuals.

In addition, many buildings in the City were constructed prior to current seismic codes and these buildings could potentially require some amount of seismic retrofitting. Although, this RFP does not address seismic retrofitting directly, it is anticipated that the City may develop a retrofit program concurrently with any recommended programs that result from this study.

The City of West Hollywood is 1.9 square miles and is located in the central area of Los Angeles. The population of West Hollywood is approximately 34,000 people, and there are approximately 25,000 residential units. Concern over rising rents and arbitrary evictions were two of the reasons driving city incorporation in 1984. Shortly after cityhood, West Hollywood enacted a rent stabilization ordinance, limiting rent increases. While rent control has been effective in limiting large rent increases, landlords complain that the current provisions of the law create a barrier to them when it comes to property rehabilitation. Meanwhile, any potential rent

increases are of particular concern for the city's senior citizen population, many of whom are long-term residents living on fixed incomes.

### **Project**

Develop a program that incentivizes rehabilitation of multi-unit residential rental property governed by the rent stabilization ordinance, that is, buildings built before July 1, 1979. The program must effectively balance the tenants' need for affordable housing and limited rent increases with the landlord's right to a fair return on his or her investment. "Rehabilitation work" in the context of the program refers to repairing or replacing major building systems such as plumbing, electrical, roof, structural, drainage, and elevators. The scope of the project does not include seismic upgrades.

The studies and recommendations requested should address the following:

#### **Rehabilitation Incentives**

- Assessment of existing rehabilitation programs and cost pass-through programs in other jurisdictions based on considerations including but not limited to: potential costs to certain rehabilitation projects (mechanical, electrical, plumbing, roof, structural reinforcement), financial and habitability impacts to tenants, potential means of limited impacts on tenants, successful incentive programs, various program structuring of established cost pass-through programs.
- Analysis of potential incentive programs that could be offered by the City of West Hollywood to encourage rehabilitation of aging apartment buildings (with considerations based on estimated rehabilitation costs). The analysis should be based on the following: industry acceptable factors, local case studies, and studies conducted in other jurisdictions (when available).
- Recommendations for establishing rehabilitation programs in the City of West Hollywood intended to incentivize rehabilitation of aging apartment buildings, and recommendations for consideration of a potential cost pass-through program allowing property owners to possibly pass-through some of the costs.

#### **Cost Pass-Through Program**

- Recommendations for exploring a possible cost pass-through program as a means of covering some of the cost of building rehabilitation. Any cost pass-through program increasing tenants' rent should be evaluated regarding the following issues:
  - Financial impacts to in-place rent stabilized tenants, especially to low-income tenants, seniors and disabled persons.
  - Financial needs for completing building rehabilitation projects,
  - Percentage pass-through amounts, amortization schedules, and other program aspects to consider when exploring a possible program.

## **Scope**

As a minimum, the project scope should include the following aspects:

### **Community Outreach**

- Initial outreach meeting with stakeholders including, but not limited to, property owners, apartment owners trade groups, tenants, tenants' rights organizations.
- Follow up meeting(s) coinciding with release of draft documents

### **Research**

- Summary of existing programs with an analysis of what works and what does not, including, but not limited to how certain incentives may interact with requirements and limitations from the City's rent stabilization ordinance.
- Existing programs to consider, among others:
  - Cities of Los Angeles, San Jose (building rehabilitation information), Santa Monica, and Berkeley

### **Analysis**

- Minimum Costs for Rehabilitation Projects
  - Estimated based on industry acceptable factors
  - Estimated based on 3 case studies of similar projects completed in the City in the past five years (case studies should include a description of the work, estimates of total project cost, total cost of permits, and also actual or estimates of effect on rent levels, tenant turn-over, including voluntary turn-over and evictions, and other relevant information
  - Estimated based on similar studies being conducted in other jurisdictions, if data and information is available to the consultant
- Potential Incentive Programs
  - Incentive programs conceptually described and analyzed for their cost and benefit, with anticipated financial considerations for the City
- Impact to Tenants
  - Analysis of possible financial impact above allowable rents, especially for low-income tenants and to seniors and disabled
  - Habitability during construction
  - Mitigation of construction impact, if unit is habitable and for all tenants in the buildings in general
  - Temporary relocation options when unit is not habitable.
  - Safeguards to prevent landlords from misusing the program to "empty" buildings
- Possible Program Characteristics
  - Summary of existing rehabilitation and pass-through programs (including seismic retrofit programs, included here to review structure of the program) in other jurisdictions such as the Cities of San Francisco, San Jose, Los Angeles, Santa Monica, and Berkeley
  - Analysis of pass-through percentages and amortization schedules to consider in exploring a possible program

**Drafts**

- Submittals to assume a minimum of two administrative drafts and two public drafts (first, and final).

**Presentation** before the following City bodies (two presentations each, draft and final):

- Rent Stabilization Commission
- Planning Commission
- City Council

**Information provided by the City**

- The consultant will have access to the City's building permit and rent stabilization and housing information in order to develop the analysis identified in this RFP. This information includes, but is not limited to the following:
  - City's property information and basic information on rents and averages for length of tenancy.
  - Historic Building Rehabilitation: The City recently conducted an analysis of maintenance costs for historic apartment buildings, the raw data from this study will be provided.
  - City Budget, housing element, climate action plan, and other relevant city policy and guiding documents.

**Requested Submittal**

**Please submit by June 16, 2015, 3:00 pm**

Please Submit the following:

- Project proposal (Please indicate if the proposal is for only one of the two studies requested)
- Cost, with method of calculation
- Timeline

The Project Proposal must include:

1. Cover Letter
2. Executive Summary
3. Company Background
4. Understanding of Scope
5. Firm's Professional Service and Fee Schedule
6. Project Team
7. References: Please provide three references for projects with similar process and work product
8. Examples: Please provide between one and three examples of previous or current work product

Please note:

- a. All costs of proposal preparation shall be borne by the Proposer.
- b. The proposal should always include the Proposer's best terms and conditions, though the City reserves the right to negotiate.
- c. All proposals become the property of the City, which reserves the right to use any or all of the ideas in these proposals, without limitation. Selection or rejection of a proposal does not affect these rights.
- d. The City reserves the right to extend the RFP submission deadline if, in the City's sole judgment, such action is in its interests. If the deadline is extended, all applicants will have the right to revise their proposals.
- e. The City reserves the right to reject all, or any, of the proposals it receives.
- f. The City reserves the right to withdraw or modify this RFP, and to refrain from awarding contracts altogether.
- g. The City reserves the right to request additional information, including agency support documents, during the RFP evaluation process.
- h. Prior to award of the contract, the City reserves the right to request additional information about the history of operations of the Proposer and its principals.
- i. Proposals deemed non-responsive will be returned.
- j. Unacceptable conditions, limitations, provisos, or failure to respond to specific instructions or information requested may result in rejection of the proposal.
- k. No proposal shall be withdrawn after the date and time set for opening thereof, and all proposals shall remain in effect for one hundred eighty (180) days after the final proposal submission date.
- l. Upon request, all proposals will be available for public review (except financial statements, submitted under a separate cover with a request for confidentiality, which shall be disclosed only upon order of a court with competent jurisdiction) once negotiations are complete and contract award is ready to be made to the successful Proposer.
- m. Any changes to the RFP requirements will be made by addendum. Addenda will be mailed to Proposers at the address provided by Proposers. All addenda shall be signed and attached to the proposal form. Failure to attach any addenda may cause the proposal to be considered non-responsive. Such proposals may be rejected.
- n. No prior, current or post award verbal conversations or agreements with any officer, agent, or employee of the City shall affect or modify any terms or obligations of this RFP, or any contract resulting from this procurement.
- o. Non-acceptance of any proposal will not imply any criticism of the proposal or convey any indication that the proposal or proposed system or equipment was deficient.
- p. Non-acceptance of any proposal will mean that another proposal was deemed to be more advantageous to the City or that no proposal was deemed acceptable.

### **Sample Basic Contact**

It is important for Consultants to review Exhibit C (Sample Basic Contract) in this RFP. The contact is the City’s standards contract for these goods and services and will be used as a result of this selection process. Any deviations from this contact should be clearly identified in the Proposal. Please note the City’s mandatory Living Wage and Equal Benefits clauses.

### **Evaluation Criteria**

Each Proposal shall be evaluation on the following evaluation criteria, weighting, and maximum points, as follows:

<b>Criteria</b>	<b>Maximum Score</b>
Cover Letter	10
Consultant’s Capabilities	70
Project Team	10
Project Approach and Understanding	10
Total	100

### **Submittal Review**

The City will evaluate the Proposals received. For the purpose of scoring Proposals each of the Project Team members will evaluation each Proposal based upon the criteria listed above. The Project Team may seek outside expertise, including but not limited to technical advisors.

### **Questions**

All communications must be submitted in email to the Project Manager identified below. The project manager is the sole point of contact.

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Rent Stabilization and Housing Manager  
City of West Hollywood  
8300 Santa Monica Boulevard  
West Hollywood, CA 90069  
[pnoonan@weho.org](mailto:pnoonan@weho.org)

Please reference in all communications: “RFP: Apartment Building Rehabilitation Programs”.