

# REQUEST FOR PROPOSALS

City of West Hollywood – May 1, 2017

## Study of Options to Facilitate Development of Innovative Housing Types

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

Submittals due: **May 26, 2017, no later than 3:00 pm**

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

Project Manager: Peter Noonan, 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 a real estate finance expert to analyze the local housing market and provide options the City could consider as possible policy adaptations to expand the range of rental and sale prices in West Hollywood. The study's final product will be a report of findings and possible options the City could consider to facilitate private sector development of innovative housing types such as workforce and artist live/work housing, and micro-units, congregate and shared housing, and other housing forms the expert recommends as appropriate for the West Hollywood market. The project scope is focused on finance and does not include evaluating the City's zoning ordinance.

RFP Schedule and Deadlines	Date
Announcement	May 9, 2017
Submittals due (3:00pm PST)	May 26, 2017
Screening process	May 29-31, 2017
Finalist selected	June 1, 2017
Contract signing	June 20, 2017

Start date July 10, 2017

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

## West Hollywood

West Hollywood is well-known for being a creative and progressive city, including when it comes to housing and zoning policies. In California and the Los Angeles metropolitan area in particular, there exists a severe lack of housing that is affordable. There is also limited availability of state and federal funding for new affordable housing programs. In this context, West Hollywood can be a leader in implementing creative models of affordable housing that keep the community stable and provide housing options that are affordable to all socioeconomic segments of the community.

Developing innovative approaches to affordable housing has been a priority for the City since it was founded more than 30 years ago. In 1985, rent stabilization was an innovative approach to maintaining housing that is affordable and was one of the central reasons community advocates organized to form the City of West Hollywood. The Rent Stabilization Ordinance was one of the first laws passed by the first City Council and remains a powerful tool to balance tenants' rights to fair rent increases and eviction protections with landlords' rights to a fair return on their property. In 1986, the City established its Inclusionary Housing Program, which requires a percentage of new residential housing units to be reserved for moderate and low income households, as well as the Affordable Housing Trust Fund, which is used to generate additional resources to meet the increasing need for affordable housing and off-set development impacts.

State legislation has in some ways limited the effectiveness of rent stabilization ordinances throughout California. The Costa-Hawkins Act allows for "vacancy decontrol", which means the rent for new tenancies can be increased to what the market will bear upon a vacancy. Since Costa-Hawkins went into effect in 1999, 64% of West Hollywood apartments have had at least one market-rate increase upon vacancy.<sup>1</sup> With vacancy decontrol in place, long-term tenants still receive protections and stable rent increases, but new tenants moving into a unit upon a vacancy must be able to afford market-rate rents that are often out of reach for low and moderate income households. Another state law, the Ellis Act, gives property owners the rights to remove apartment buildings from the rental market. From January 1, 1986 through December 31, 2014, 684 units in 161 buildings were removed from the rental market under the Ellis Act. Costa Hawkins and the Ellis Act have created limitations on the ability to use local rent control laws to ensure long-term housing affordability and stability in West Hollywood and other rent control jurisdictions throughout California.

The Los Angeles region, like other parts of the State, is facing an affordable housing crisis. Rents have increased at a quicker rate than incomes, creating rent-burdened households that pay a disproportionate amount of their income on housing and transportation costs.<sup>2</sup> As a result, the area has become one of the most unaffordable places to live in the country. Concurrently, state and federal funding for affordable housing programs have been severely cut in recent years. With the dissolution of redevelopment agencies in California and reduced federal funding for key programs such as Section 8 and HOME Investment Partnerships Program, there remains a lack of funding for affordable housing programs. In light of the affordable housing crisis, the City should continue to identify, analyze, explore, and implement, where appropriate, innovative housing policies.

---

<sup>1</sup> 2015 City of West Hollywood Rent Stabilization and Housing Annual Report

<sup>2</sup> <http://www.anderson.ucla.edu/Documents/areas/ctr/ziman/2014-08WPrev.pdf>

## **Project**

The selected expert will explore fund sources, including low interest loans and grants, CDBG, HOME, TCAC/LIHTC, and other funding sources available, and public private partnerships and employer housing programs and explore how the City can best encourage use of available and possible funding mechanisms to encourage the development of housing at a variety of price points. Ways to encourage reinvestment/rehabilitation in rent stabilized housing should also be explored. The final product will be a report of options the City could consider as possible policy adaptations to current goals, strategies, and programs. The final report should include advantages and challenges related to West Hollywood's particular needs, barriers, and goals for parking, housing density, transportation, jobs, and demographic flexibility should be explored, with an emphasis on not displacing current residents. Case studies should be used to demonstrate funds coordination, government contributions of funds and land, and incentives and waivers.

## **Funding Sources**

With the dissolution of the redevelopment agencies in California and the reduction in state and federal funding of housing programs, the funding available for affordable housing is more limited and more competitive now than it once was. Cities and affordable housing developers must leverage existing funding sources to make a project possible. Affordable housing projects in West Hollywood have been developed through a combination of funding sources that usually includes two to four of the following sources: West Hollywood Affordable Housing trust Fund, Low Income Housing Tax Credits, Tax-exempt bonds, HOME Investment Partnership Program, California Multifamily Housing Program, funding from the Los Angeles County community Development commission, the West Hollywood Redevelopment Agency (before it was dissolved), and HUD Section 202 Supporting Housing for the Elderly Program (also virtually eliminated now because of budget cuts).

Despite cuts, there remain a number of potential funding sources for housing programs. These include federal and state funding and grants, foundation grants, etc. City staff monitors potential funding sources for affordable housing programs and applies when appropriate. This report should identify sources and research new funding sources and opportunities for grants where appropriate. The list below represents some funding sources, but is not exhaustive:

- Affordable Housing Monies – HUD Home Investment Partnership Program; California Department of Housing and Community Development Multifamily Housing Program; California Department of Housing and Community Development Affordable Housing and Sustainable Communities Program; Department of Veterans Affairs; Department of Commerce; FEMA; Home Depot foundation grants
- West Hollywood Affordable Housing Trust Fund
- Low Income Housing Tax Credits
- Alternative Energy Resources – US Environmental Protection Agency grants and/or loans
- Arts/Cultural Resources - National Endowment for the Arts grants
- Community Development Funds – HUD (CDBG), Commerce, Home Depot Foundation grants
- Economic Development Funds – HUD; FEMA, Commerce, Interior; Habitat for Humanity
  - Education Funds – U.S. Dept. of Education grants; Bill and Melinda Gates Foundation grants
- Returned Redevelopment Agency Funds

- Small Business Development Funds – HUD (CDBG); U.S. Dept. of Labor; Bill and Melinda Gates Foundation grants
- Sustainable Design Funds – State and local grants or loans
- Tourism Funds – State

#### **Existing Rent Stabilized Housing Re-investment/Rehabilitation**

The City of West Hollywood's housing stock is aging. About 89% of the structures in the City were built more than 40 years ago.<sup>3</sup> According to the City's Housing Element, estimates show that between 20 – 25% of the City's rental housing stock has deferred maintenance work and could need some form of major rehabilitation. In addition, because of the age of buildings in West Hollywood, many were built prior to current accessibility requirements and prior to current seismic codes.

#### **Innovative Housing Types**

**Workforce Housing:** The definition of workforce housing varies depending on the specific housing characteristics and market of each location. Generally, workforce housing is considered to be housing that is affordable for working households. The U.S. Department of Housing and Urban Development defines workforce housing as housing targeted to households earning between 100% and 120% of the Area Median Income (AMI). Other programs go up to 150% or 180% of AMI. Almost all subsidized affordable housing programs currently target lower income categories, households earning below 80% AMI.

West Hollywood's inclusionary housing program targets very low income (below 50% AMI), low income (50 – 80% of AMI), and moderate income (80% - 100% AMI) households. Currently, the City's inclusionary housing program is the primary program to build new affordable housing for moderate income households in the City.

**Artist Live/Work Housing:** Artist live/work housing, residential building in which the units have extra space (usually 100 to 150 square feet) that the artist can use as a studio, are usually designed to accommodate a variety of creative processes. This type of housing often includes commons spaces that can be used as galleries or meeting rooms. The Community Development Department's work plan includes a review of the City's Zoning Code to ensure it allows for artist live/work housing developments. The review is expected to return to City Council in the spring of 2017.

Artspace is a national leader in developing affordable space that meets the needs of artists through the adaptive reuse of historic buildings and new constructions. Artspace often uses Federal Low Income Housing Tax Credits to subsidize their affordable housing projects. Lease-up procedures for their buildings allow anyone to apply for the units, but provide artists with a preference in the selection process.<sup>4</sup> Many projects designed specifically for artists exist in Los Angeles and throughout the country.

PLACE, Projects Linking Art, Community & Environment, is a national nonprofit organized as a 502 (c)(3), publicly-supported charity. The PLACE organization works with communities to create mixed-use, mixed-income neighborhoods. Its team is actively engaged in the creation of state-of-the-art, sustainable communities for artists and creative businesses. According to PLACE's

---

<sup>3</sup> ACS 2013 5-year study

<sup>4</sup> <http://www.artspace.org/ideas-insights/artist-preference-affordable-housing>

website, PLACE, “combines resources from every imaginable source to make a project possible.”<sup>5</sup> These include but are not limited to:

- Community Development Funds
- Economic Development Funds
- Affordable Housing Monies
- Small Business Development Funds
- Alternative Energy Resources
- Job Creation Resources
- Tourism Funds
- Educational Funds
- Sustainable Design Funds
- Arts/Cultural Resources

**Micro Units:** The exact definition of a micro unit depends on the market in which it exists. In general, a micro unit is a relatively small studio or one-bedroom unit, often ranging from 220 to 550 square feet, with a kitchen and bathroom. Micro units can be an option to keep housing costs lower in expensive housing markets, approximately 20 - 30% lower than conventional units. However, the rent per square foot usually has a high value. In high density, expensive urban markets such as New York City, San Francisco, and Seattle, micro units appeal to a certain niche market of predominately young, professional singles. Another consideration is parking requirements for these types of units.

**Congregate Living:** Congregate living generally refers to housing that has separate apartments, but shared communal spaces. This type of housing can be beneficial for seniors who are aging in place because it offers independent living with the opportunity to share activities of daily living with other residents. Different programs offer varying levels of supportive services for the residents. Affordable Living for the Aging (ALA) is a nonprofit affordable housing developer with senior projects in West Hollywood in Los Angeles. ALA provides congregate housing as well as shared housing, which is a program that pairs seniors with individuals who can offer assistance in exchange for lower rent.

**Public-Private Partnerships:** Partnerships between local governments and the private sector can help communities develop affordable housing opportunities. Cities and counties partner with private or nonprofit developers to efficiently utilize the strengths and resources of both sectors. Though there may be challenges associated with forming these partnerships because of unfamiliarity with the other sector, collaboration can lead to a better understanding of local communities and local innovations and can lead to new ideas and practices.<sup>6</sup>

The City of West Hollywood has a history of partnering with nonprofit developers to acquire and build affordable housing in the City. In recent years, the City has also worked to build partnerships with for-profit and nonprofit developers in inclusionary housing developments, such as the Movietown Plaza.

<sup>5</sup> <http://www.placeonline.us/faq/>

<sup>6</sup> <http://www.urban.org/research/publication/potential-public-private-partnerships-philanthropic-leaders-housing-platform>

## **Scope**

### **Research**

- Discussion of regional and local housing markets and local community needs for housing.
- Overview of typical residential financing, existing funding sources, and finance mechanisms.
- Case Studies:
  - Workforce Housing Projects – Kings Beach, CA and Boulder, CO
  - Artists Live/Work Housing Projects – Working Artists Ventura, Burbank Senior Artists' Colony
  - Micro Units Projects – Seattle, WA and Santa Monica, CA
  - Congregate Living Projects – San Francisco, CA and Norwalk, CT
  - Public-Private Partnerships – Boulder, CO and Oregon State
  - Low-Interest Loans and Rehabilitation Programs – Cleveland, OH and Madison, WI

### **Analysis**

- Local Development Costs and financing
  - Industry acceptable factors
  - Development completed in the past five years (description of the work, cost estimates for total project, permits, and other project costs.
  - Similar studies being conducted in other jurisdictions, if data is available
- Recommendations
  - Incentive programs conceptually described and analyzed for their cost and benefit, with anticipated financial considerations.
- Funding Sources
  - Analysis of possible funding sources and mechanisms for innovative housing types

### **Report**

- Drafts - two administrative drafts, one public draft.
- Final – including all research, analysis and findings.

### **Presentation (Final, 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.
  - Recent analyses: The City recently studied maintenance costs for apartment buildings that have been locally designated as historic, and for rent stabilized apartment buildings in general.
  - City Budget, housing element, climate action plan, and other relevant city policy and guiding documents.

**Please Submit the Following**

**Deadline: May 26, 2017 by 3:00 pm**

A complete packet includes:

- Project proposal
- Costs, 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 Contract**

It is important for Consultants to review Exhibit C (Sample Basic Contract) in this RFP. The contract 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 contract 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
<b>Total</b>	<b>100</b>



**Submittal Review**

The City will evaluate Proposals based on the criteria above. Proposals will be ranked on total score.

**Questions**

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

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

Please title communications: "Options to Facilitate Development of Innovative Housing Types"

**AFFIDAVIT OF POSTING**

State of California        )  
County of Los Angeles    )  
City of West Hollywood   )

I declare under penalty of perjury that I am employed by the City of West Hollywood in the Office of the City Clerk and that I posted this agenda on:

Date: MAY 9, 2017

Signature: 