



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



6

January 8, 1990

Budget & Finance Committee
Transportation/Community
Development Committee
Sacramento, CA

Honorable Members in Session:

SUBJECT: Execution of Disposition and Development Agreement
with South Bay Investors for New Home Construction in
the Oak Park Redevelopment Project Area

SUMMARY

The attached report is submitted to you for review and
recommendation prior to consideration by the Redevelopment
Agency of the City of Sacramento.

RECOMMENDATION

The staff recommends approval of the attached resolution
approving the agreements and Request for Proposals.

Respectfully submitted,

ROBERT E. SMITH
Executive Director

TRANSMITTAL TO COMMITTEE:

JACK R. CRIST
Deputy City Manager

Attachment



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



January 15, 1991

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Execution of Disposition and Development Agreement with South Bay Investors for New Home Construction in the Oak Park Redevelopment Project Area

SUMMARY

This report authorizes the Executive Director to: 1) enter into a Disposition and Development Agreement and all documents related thereto, with South Bay Investors for the construction of three single family homes in the Oak Park Redevelopment Project Area; and 2) release a second Request for Proposals for additional home construction.

BACKGROUND

On April 24, 1990, the RACS authorized staff to issue a Request for Qualifications (RFQ) and a Request for Proposals (RFP) for construction of up to ten new single family homes in the Oak Park Redevelopment Project Area. A Selection Committee consisting of two members from the Oak Park Project Area Committee, one member of the Sacramento Housing and Redevelopment Commission, one staff member of the Sacramento Housing and Redevelopment Agency, and one representative from the construction industry was established to review the proposals submitted.

The developer selection process was conducted in two phases. The first phase included the issuance of a Request for Qualifications (RFQ) and review of the qualification statements submitted. Five qualification statements were reviewed and four firms were invited to respond to a Request for Proposal (RFP). The Selection Committee based this decision on design and development elements, detailed financial information and proformas, and financing plans (see Contractor's qualifications statements -

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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
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Exhibit A). Three of the four developers invited to participate in phase two of the selection process submitted proposals. The Selection Committee asked for the following additional information: evidence of ability to obtain a performance bond, detailed labor and materials cost schedules, and a construction timeline. Only one developer, South Bay Investors, submitted the information requested. After reviewing this additional information, the Selection Committee recommended entering into a Disposition and Development Agreement with South Bay Investors to construct three (3) homes. The proposed home designs include many of the amenities found in a higher-priced home, e.g., a fireplace, two stories, and a completely equipped kitchen (i.e., a garbage disposal, built in range, etc.).

The Committee recommended the construction of three homes rather than ten outlined in the Request for Proposal because the proposed selling price exceeded the cost stated in the RFP. The Committee and staff, however, are of the opinion that these homes will be positive additions to Oak Park and for this reason feel that the higher cost is justified and are anxious to initiate new construction activity. The construction costs were reviewed thoroughly by staff and the representative from the construction industry who served on the Committee and were determined to be reasonable.

By way of qualification, South Bay Investors is a small development firm that has had experience in building homes in Del Paso Heights and Oak Park. Their track record evidences strong financial capability and use of attractive home designs.

South Bay Investors Project Description

The developer will purchase the land from the Agency with a deferred note (sites locations shown on Exhibit B). This note will be subordinated to the developer's privately financed construction loan and will be due upon sale of the completed home. If the potential homeowner requires additional financial assistance, however, the Agency will provide a subordinated loan to the home buyer for a portion of the land payment not to exceed \$15,000.

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South Bay Investors is proposing to build a total of three three-bedroom homes with two car garages. One two-story housing unit will be built with 1268 square feet of living space and will sell for \$104,000. Two one-story housing units will be built with 1068 square feet of living space and will sell for \$91,495. Site plans and elevations are attached (Exhibit C).

South Bay Investors will submit final building plans to the Agency and the City of Sacramento Planning Department for approval. It is anticipated that construction will begin in February 1991 and be completed by June 1991.

Proposed Request For Proposal (RFP)

Staff recommends releasing another RFP to identify a contractor who will build homes for at a sales price under \$95,000 (see Exhibit D). It is staff's intent to increase outreach efforts to find such a contractor by making the RFP available at plan check offices throughout Sacramento County, marketing to smaller contractors, and advertising over a longer time period.

Staff recommends that the second RFP be released for the construction of ten homes. Excluding the three proposed for South Bay Investors, the Agency currently owns seventeen lots for scattered site new construction.

FINANCIAL DATA

There is no funding required for the construction of these single family homes. However, if low or moderate income homeowners require income assistance for financing, the Agency may defer a portion of the land cost repayment up to a maximum of \$15,000. Average parcel cost is \$19,600.

POLICY IMPLICATIONS

The above recommended actions are consistent with Agency policy to increase housing stock and provide home ownership opportunities in Oak Park. The action is in compliance with the goals of the Oak Park Redevelopment Plan and the Oak Park Housing Marketing Study.

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ENVIRONMENTAL REVIEW

Approval of the DDA for this project is exempt from environmental review per CEQA Guidelines Section 15303(a). NEPA does not apply.

MBE/WBE

The RFP discussed in this report was advertised in El Hispano, the Observer, and the Sacramento Bee newspapers and the DDA will contain the appropriate MBE\WBE requirements. The future RFP discussed in this report will be advertised in the Observer, El Hispano, and BIDWATCH and will be required to conform to Agency MBE\WBE policy as outlined in the DDA.

VOTE AND RECOMMENDATION OF THE OAK PARK PROJECT AREA COMMITTEE (PAC)

At its April 4, 1990 meeting, the Oak Park PAC approved the recommendation of the release of the Request for Proposals and at its November 7, 1990 meeting approved the recommendation of the Selection Committee to enter into a DDA with South Bay Investors for construction of single family homes.

VOTE AND RECOMMENDATION OF THE COMMISSION

At its meeting of January 2, 1991, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES: Amundson, Diepenbrock, Pernell, Simon, Simpson, Strong,
Wiggins, Williams, Wooley, Yew

NOES: None.

ABSENT: Moose

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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RECOMMENDATION

Staff recommends adoption of the attached resolution, which authorizes the Executive Director to: 1) execute a Disposition and Development Agreement with South Bay Investors for construction of three single family homes in Oak Park; and 2) release a second Request for Proposals for additional home construction.

Respectfully submitted,



ROBERT E. SMITH
Executive Director

TRANSMITTAL TO COUNCIL

District 5
January 15, 1991

WALTER J. SLIPE
City Manager

Contact Person: Leslie Fritzsche
440-1315

F:\KEM\DDAHOMES

RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

EXECUTION OF DISPOSITION AND DEVELOPMENT AGREEMENT WITH SOUTH BAY INVESTORS

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE
CITY OF SACRAMENTO:

Section 1: The Executive Director is authorized to review and approve the final plans for three new homes to be built by South Bay Investors.

Section 2: The Executive Director is authorized to enter into a Disposition and Development Agreement with South Bay Investors in a form approved by Agency counsel, as described in the staff report for this Resolution, and to execute all documents necessary for its implementation.

Section 3: The Executive Director is authorized to release a Request for Proposals for construction of ten new single family homes on Agency owned sites in the Oak Park Redevelopment Project Area.

CHAIR

ATTEST:

SECRETARY

p:\share\reso\DDAHOMES

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

We have several home plans suited to the 40 foot lots which will provide safe, comfortable housing at substantially below the median price of Sacramento housing.

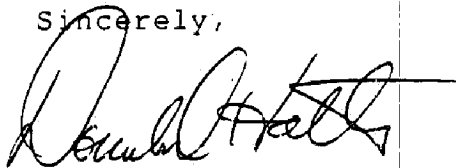
We would invite the review committee to view the following projects:

1. Single family home, 7374 Nelmark St
2. Two single family homes, 5971 Dewey st
3. Two single family homes, 4759 and 4761 15th ave
4. Duplex units, Dewey Blvd at Lemon Hill
5. Ten unit apartment building, 46th st at 47th ave

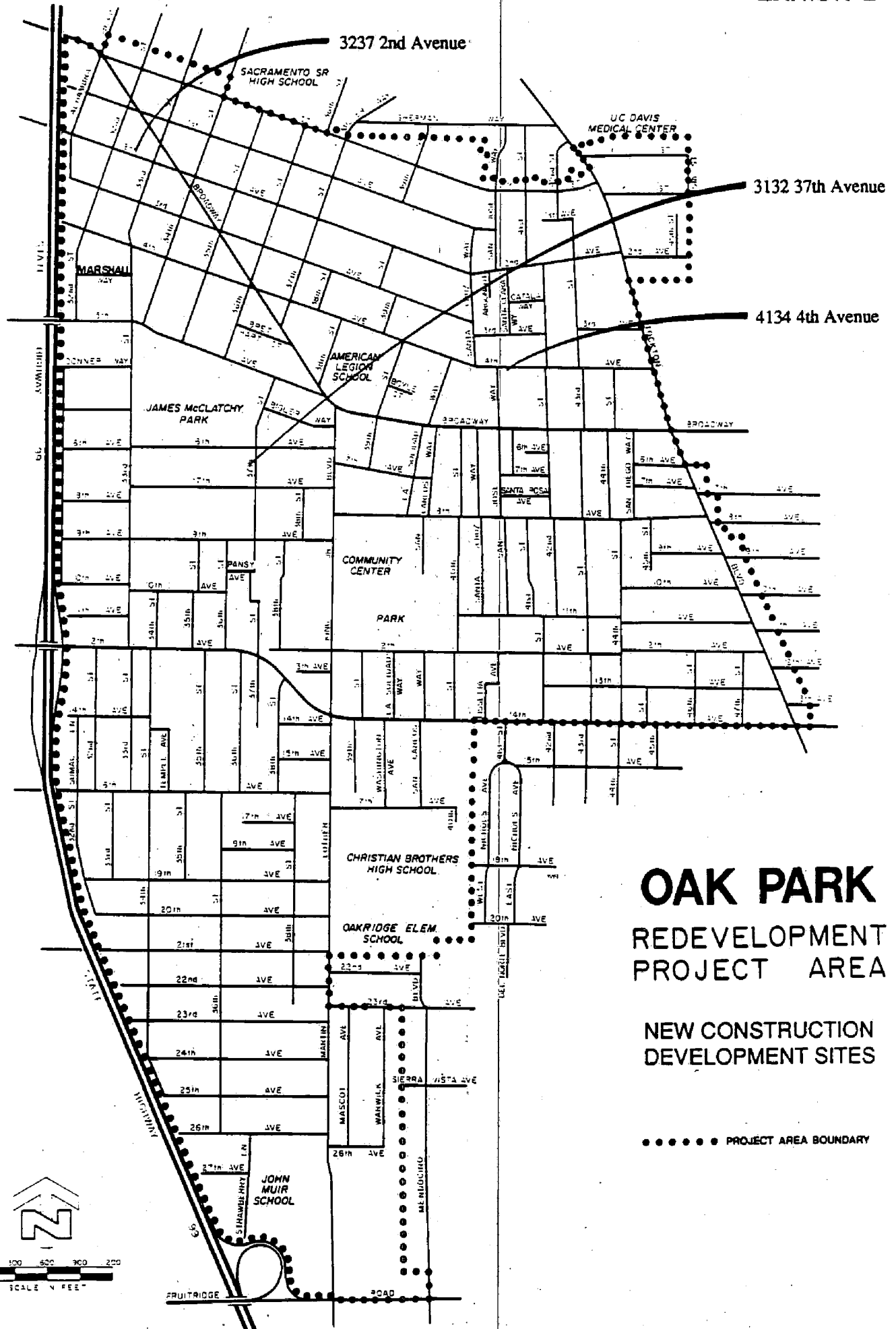
We believe that our group is experienced in the area and familiar with development and building techniques that will please you.

I will serve as representative and spokesperson and will be happy to answer any questions you may have.

Sincerely,

A handwritten signature in cursive script, appearing to read "Donald Hatler", with a horizontal line extending from the end of the signature.

Donald Hatler

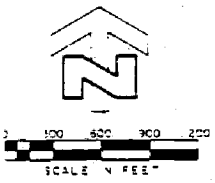


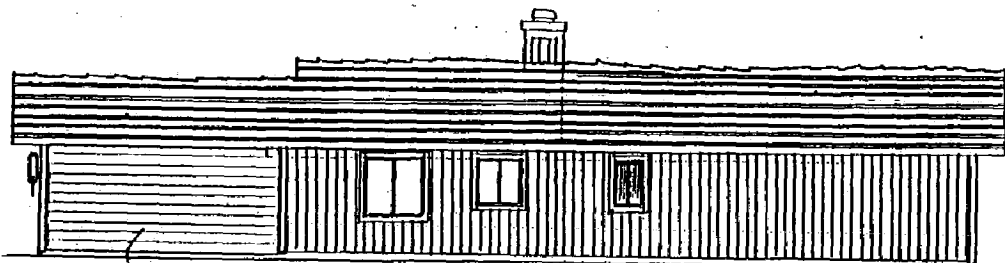
OAK PARK

REDEVELOPMENT PROJECT AREA

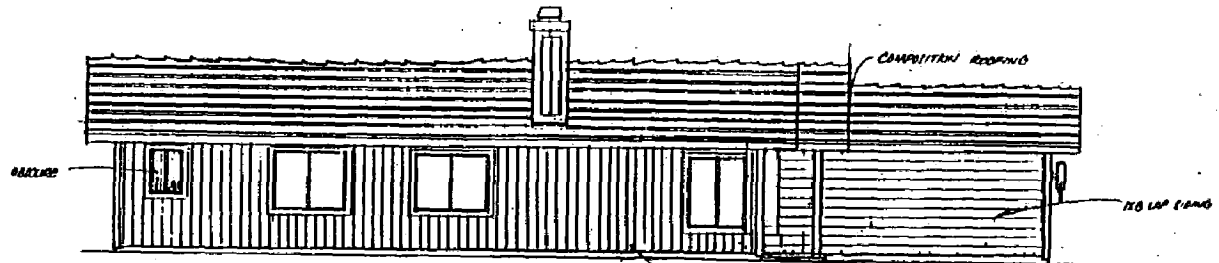
NEW CONSTRUCTION DEVELOPMENT SITES

..... PROJECT AREA BOUNDARY

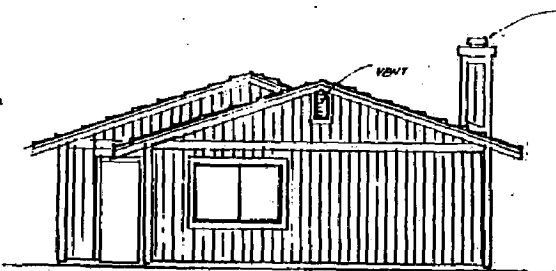




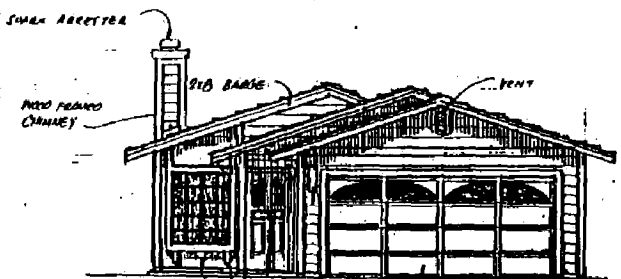
RIGHT ELEVATION 16'-0"



LEFT ELEVATION 42'-0"



REAR ELEVATION 16'-0"



FRONT ELEVATION 16'-0"

NOTES:
1. THE CONTRACTOR SHALL VERIFY ALL DIMENSIONS, SQUARENESS, & LEVELS AND CORRECT, RECONSTRUCT & REFINISH AS NECESSARY.
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ELEVATIONS

Earl Young and Associates

1000 1st St. N. Grand Rapids, MI 49503

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REVISIONS BY

ELEVATIONS



UNIVERSAL BUILDERS
SINGLE FAMILY DWELLING

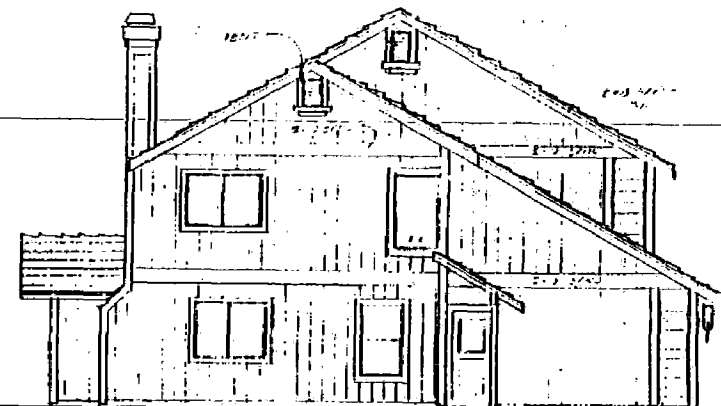
NO. 2001, 20
48' x 60'
1-1-1920
NO. 68-100

NOTES

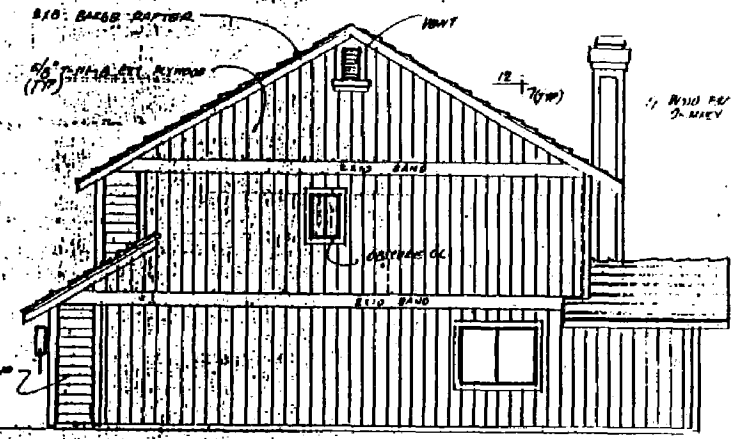
- DOOR, WINDOWS, WINDOW SILLS WITHIN 6" OF FLOOR TO BE TYPED GLASS.
- PROVIDE EXTERIOR VENTILATION 1/2000 SQ. FT. AREA. ALL EXTERIOR DOORS TO BE HEAVY STREPPED.
- PROVIDE PNEUMATIC REGULATOR VALVE 1/2" SIZES.
- INSTALL WATER COMPENSATION FEETINGS.
- CONTRACTOR TO VERIFY ALL DIMENSIONS PRIOR TO CONSTRUCTION.



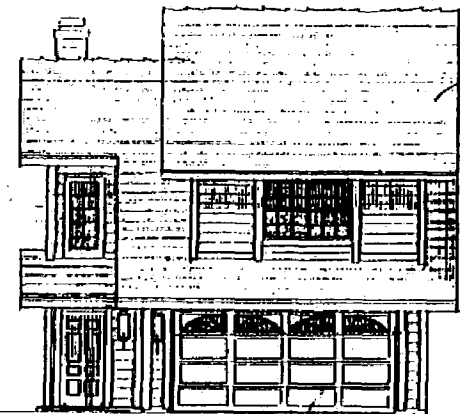
REAR ELEVATION 16' x 10'



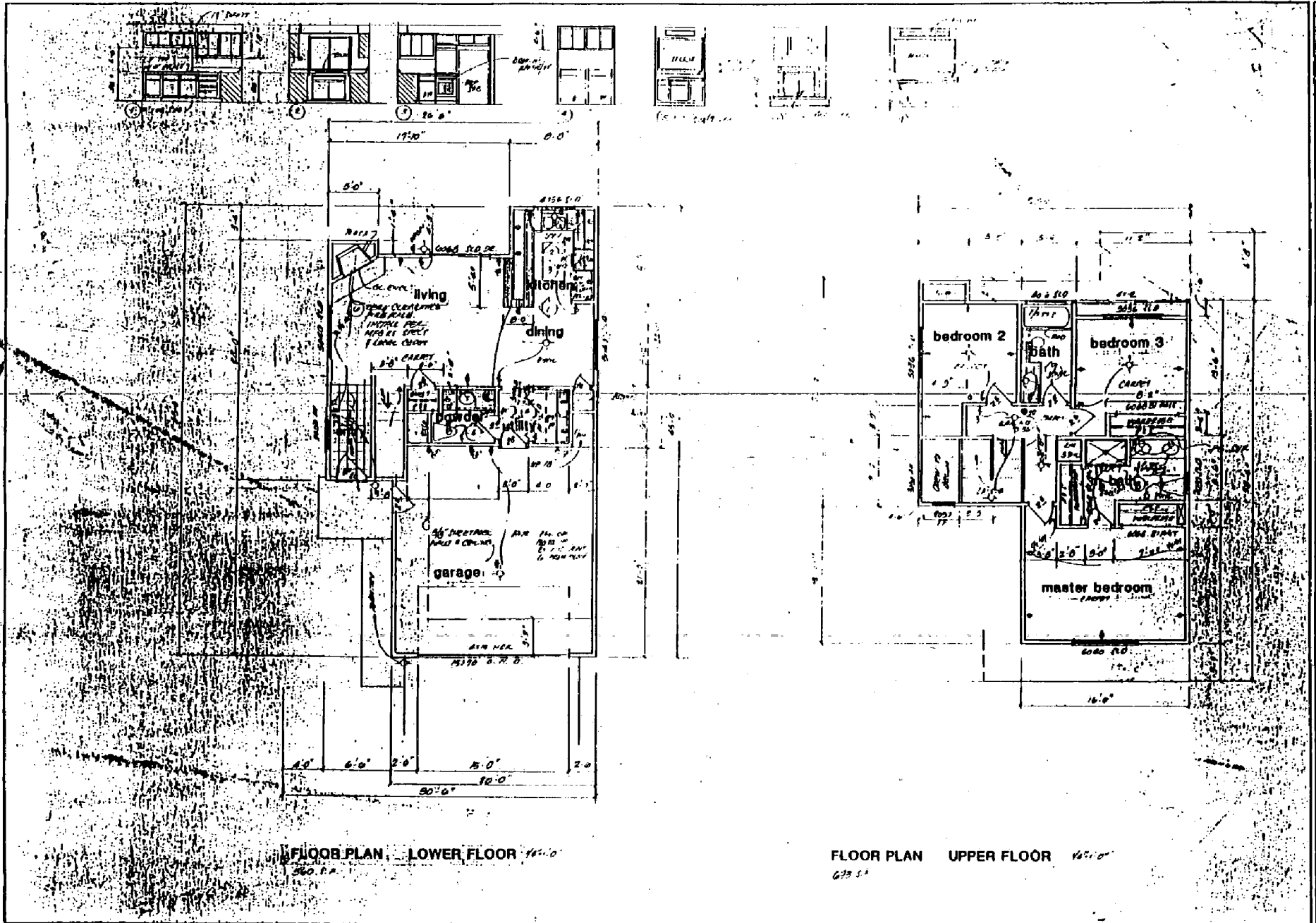
LEFT ELEVATION 16' x 10'



RIGHT ELEVATION 16' x 10'



FRONT ELEVATION 16' x 10'



FLOOR PLAN LOWER FLOOR 1/2" = 1'-0"
360 P.P.

FLOOR PLAN UPPER FLOOR 1/2" = 1'-0"
675 P.P.

UNIVERSITY OF MICHIGAN
ENGINEERING
FLOOR PLANS
NO. 1071, 66
DATE 10/1/57
BY J. G. ...
CH. G. ...

**REQUEST FOR PROPOSALS
FOR NEW CONSTRUCTION
OF SINGLE FAMILY HOMES
IN THE
OAK PARK REDEVELOPMENT PROJECT AREA**

STATEMENT OF PURPOSE

The purpose of this Request for Proposal (RFP) is to solicit plans from qualified and experienced developers to construct single family homes "for sale" in the Oak Park Redevelopment Project Area of Sacramento. Home types may consist of single family detached, houses, half-plexes, or townhouses. The homes are to be constructed on ten residential sites owned by the Redevelopment Agency of the City of Sacramento (the Agency).

It is the goal of the Agency to assist low and moderate income households with the provision of affordable housing in the City of Sacramento. To meet that goal, one of the Agency's objectives is to provide home ownership opportunities in the Oak Park Redevelopment Project Area to first-time homebuyers at a finished purchase price in the range of \$80,000-95,000 including land and building. Homes may be constructed in one phase or one at a time as buyers are approved.

Homes constructed should have: 1) minimum of 3 bedroom, 2 bathroom, 1 1/2 car garage; 2) minimum of 1300 sq. ft. of living space, and 3) meet design review ordinance for the Oak Park Redevelopment Area, 4) front yard landscaping and sprinklers, fencing, and 5) energy efficient appliances including dishwasher, central heat and air, oven/range.

It is the Agency's desire to select a qualified developer that will complete the project by year-end 1991.

Agency Participation

The Agency will assist the successful developer by referring applicants from first time homebuyer financing programs. This pool of applicants may also be assisted by the Agency's allocation of Mortgage Credit Certificates and below market single family bond program financing set aside for this project (see appendix for program descriptions). An additional subsidy may be available to prospective homeowners as needed to help them qualify.

The Agency will assist the development by allowing payment for the land at the close of escrow.

DEVELOPMENT SITES

Lot sizes vary, but are typically 40 feet wide by 120 feet deep and are generally improved sites. Street improvements include paving with curbs, gutters and sidewalks with water, sewer and drainage hookups. The selected developer is expected to clear and grade the sites. A map indicating the location of these parcels is attached.

Lots are owned by the Agency and will be sold at an average cost of \$19,600 each to the developer. The Agency will subordinate a purchase money note for land purchase to the developer's construction loan. On close of escrow of the completed house, payment for the land will be due by the developer or maybe only if necessary to qualify homeowners, rolled over to the prospective homebuyer. Developers are expected to secure their own construction financing.

SUBMISSION REQUIREMENTS

Request for Proposal Process

As one of the development teams selected to participate in the Request for Proposal (RFP), you have six (6) weeks to prepare a development proposal. Proposals should include the proposed site plans, specifics of construction financing, design plans, development schedules, marketing plan, and projected sales prices.

Development team members are encouraged to attend a pre application meeting with Redevelopment Agency staff early in this phase of the selection process to discuss project details, submission requirements, selection criteria, and available financial assistance. Please call Ken Murray, Associate Planner at 440-1315 to setup a meeting date.

A selection committee of five (5) individuals will review the Request for Proposals and make recommendations to the Agency's Executive Director. The Selection Committee will be made up of two members from the Oak Park Project Area Committee, one member of the Sacramento Housing and Redevelopment Commission, one staff member of the Sacramento Housing and Redevelopment Agency, and one representative from the construction industry.

The Redevelopment Agency may select up to two development teams to enter into and negotiate a Disposition and Development Agreement (DDA). Prior to execution of this agreement, the selected development team or teams will be required to submit evidence of bonding equal to the value of the construction cost.

Developer Selection Process

All proposals submitted pursuant to this RFP must be received by the Agency no later than 5:00 p.m. on February 27, 1991. Proposals should be addressed to:

Joan Roberts, Agency Clerk
Sacramento Housing and Redevelopment Agency
630 I Street, 3rd Floor
Sacramento, CA 95814

SCHEDULE

Invitations issued to participate in Request for Proposal	January 14, 1991
Developer's Request for Proposal due	February 27, 1991
Agency Review of Proposals, interviews, presentations and requests for additional and clarifying information, as necessary	March 11-15, 1991
Review process finalized	March 30, 1991
Selection of Developer	April 5, 1991
Signing of Development and Disposition Agreement	May 3, 1991

Development teams who wish to discuss details, submission requirements, and/or selection criteria may schedule meetings with Leslie Fritzsche, Program Manager Neighborhood Development or Ken Murray, Associate Planner by calling (916) 440-1315.

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