Date: 8/28/2020
To: All RFP Submitters
Project: Affordable Housing Development Opportunity
Subject: Addendum #1
Sent Via: Email

Acknowledge this addendum and all others in your submittal on "Acknowledgement of Addenda" in Appendix 5 of the Request for Proposals. Failure to acknowledge addenda will result in a non-responsive proposal.

The Request for Proposals is amended as follows: (Added language is in italics)

1) Page 3, Paragraph 3 of the INTRODUCTION is amended as follows:

Prospective developers must submit development proposals to the City detailing the proposed development, developer background, comparable project experience, project vision, conceptual architectural design, and financing plan. They shall have a history of producing safe, affordable, durable, beautiful, healthy and energy efficient housing. The City intends to compile a short list of developers, conduct a series of interviews, and ultimately select a preferred developer for each site.

2) Page 3, Section III, DEVELOPMENT OBJECTIVES is amended as follows:

The City's primary goal in releasing the RFP is to facilitate the development of a sustainable, energy efficient, high quality affordable housing project. The City has identified several key objectives prospective developers must consider and achieve when undertaking the Project.

3) Page 4, Number 3, Sustainable and Energy Efficient is amended as follows:

In addition to a high-quality development, the City expects that the Project will achieve sustainability and energy efficiency goals that exceed the minimum requirements of the California State Building Code. Projects that demonstrate Ultra-high energy performance and analysis, and a pursuit of applicable certifications are highly desirable. This project will be designed to meet the highest achievable standards of healthy living and sustainable development.

4) Page 9, Development Project Experience and Qualifications is amended as follows:

For the purposes of the RFP, innovation can include, but not limited to, site planning, architectural building and landscape design, ultra-high energy efficiency standards, unique amenities, public art, partnerships with local social service providers and organizations.

5) Page 10, Development Project Experience and Qualifications is amended as follows:

Add a 10th bullet point which reads:
- Identify any examples of past projects that maximized energy efficiency, longevity and
liveability through the construction practices of air-tightness, strategic insulation and reduction of thermal bridges, all-electric usage, continuous ventilation with heat-recovery system, and battery and thermal storage or that have been certified by Passive House, LEED, ENERGY STAR, Green Communities, etc.

6) Page 10, Project Concept, a category is added at the end as follows:

**Energy Performance Goals:** Include a description of how the proposed project will exceed California Energy requirements and optimize living conditions and long-term energy efficiency. Include specific energy use metrics and certification goals. Some examples of desirable metrics would be:

- Use less than 2 ACH@50Pa air infiltration
- Use less than 2 btu/sft/HDD for space heating
- Use less than 60 gallons/bedroom/day in potable water use
- Provide common area lighting power densities and total usage below ASHRAE standards without feeling dimly lit
- Maximize efficiency in electrical use for pumps, motors, and ventilation

7) Page 12, Evaluation Criteria is amended as follows:

**Evaluation Criteria (162 points maximum)**

**Developer Qualifications and Experience (22 points maximum)**
- General development experience (3 points max.).
- Experience in working with Public Agencies (3 points max.).
- Previous experience developing affordable housing (3 points max.).
- Experience of development team, including key consultants (3 points max.).
- Ability to finance development projects/financial strength (3 points max.).
- Property management experience (5 points max.).
- Experience in constructing ultra-high energy efficiency projects. (2 points max.)

8) Page 12, Evaluation Criteria, Project Concept and Design is amended as follows:

**Project Concept and Design (45 points maximum)**

9) Page 13, Evaluation Criteria, Project Concept and Design is amended as follows:

Integration of green ultra-high energy building principles into the project design and construction, including but not limited to, air-tightness, thermal bridge analysis, continuous fresh air, heat-recovery, energy storage, and all electric energy usage. (10 points max.).

10) Page 25 is added to include Appendix 5: Acknowledgement of Addenda

**Response to Questions Received**

1. I wanted to find out if you are holding a pre-proposal meeting regarding this project and if we could get invited to participate in it.

**Answer:** The City is open to holding a pre-proposal meeting since it has been requested. We are available on ********.

2. I would like to find out if you could provide the names of potential architects and engineers
who are proposing on these projects so we may contact them for a possible teaming opportunity?

Answer: The City does not know which architects and engineers are proposing on the project.

3. How was the determination made that the project is a public works project - contrary to state law for 100% affordable?

Answer: Labor Code section 1720(c)(4) exempts affordable housing projects that are paid for solely with monies from the Low and Moderate Income Housing Fund established pursuant to Section 33334.3 of the Health and Safety Code or that are paid for by a combination of private funds and funds available pursuant to Section 33334.2 or 33334.3 of the Health and Safety Code do not constitute a project that is paid for in whole or in part out of public funds.

If the City is subsidizing the project through other funding sources, it would not fall under the exception for the payment of prevailing wages.

4. Section 8 allows up to 40% of income to be paid toward rent in high cost areas, however the City’s inclusionary ordinance allows for only 25% of income to be used for rent. Would Section 8 be allowed to go up to 40% on these sites?

Answer: The Housing Choice Voucher Program (HCV), formerly known as “Section 8”, is administered by the Housing Authority of Monterey County, not the City of Monterey. HCV is a separate and distinct program from the City’s affordable housing ordinance and the RFP’s requirements for these four City-owned sites. Development on the four sites in the City of Monterey must comply with the City’s affordable housing ordinance and the RFP.

5. Are you planning to clean up or more testing for Figueroa?

Answer: The City is not planning to clean up or conduct more testing for the sites including Figueroa. In your pro-forma, please account for the worst case scenario.

6. Are you anticipating to obtain at least $170,000 per year in income for the Calle P site?

Answer: Future rent income is subject to negotiations with the successful bidder. In your pro-forma, please account for the worst case scenario.

7. Would a proposal to build homes for sale to low income families (<80% AMI) be considered?

Answer: The City Council has only specified that the project must include 100% affordable housing. The type of housing proposed is subject to negotiations with the successful bidder.

The City requests that you propose your ideal project for each site irrespective of water constraints. The developer, with the assistance of City staff, may negotiate with other agencies for additional water and meters. At this time the City cannot guarantee that additional water credits or water fixture allocations will be available.

8. We also have a CalHome grant to build ADUs that we would like to include in this project that could be rented or sold depending on the city preferences. Would the City consider ADUS as part of a proposal?

Answer: The City Council has only specified that the project must include 100% affordable
The type of housing proposed is subject to negotiations with the successful bidder. The Water Management District currently does not allow submetering of ADUs that could be owned separately from the main house. Those units would be subject to a water meter moratorium (CDO).

9. The RFP refers to rent limits. Are there also limits on the sales prices for ownership units?

**Answer:** Yes, the City's Inclusionary housing ordinance requires that inclusionary housing units be purchased with payments of thirty-three percent (33%) or less of a household's monthly income. The sales price for ownership is therefore a calculated price based on 33% of the monthly income for a low income household.

10. For the Madison Street site, is any available water from the "multiple meters on the adjacent city hall campus" as described in the RFP that could be used to develop this site? Or would we negotiate their use with the City?

**Answer:** The City requests that you propose your ideal project for each site irrespective of water constraints. The developer, with the assistance of City staff, may negotiate with other agencies for additional water and meters. At this time the City cannot guarantee that additional water credits or water fixture allocations will be available.

MPWMD recognizes a potential Water Credit of 0.413 AF on the Van Buren/Madison/Dutra Site. Again, submetering is allowed in certain circumstances, whereas Single Family development would be subject to a moratorium.

11. Will Passive House building strategies be considered for the development?

**Answer:** Refer to addendum.

12. Does the City or the County have a local subsidy source for purposes of financing the units contemplated by this RFP – funding, e.g., like HOME Funds or BMR in-lieu fee program funds or any other affordable housing funds?

**Answer:** The City is an entitlement community and could potentially use federal funds for site preparation and soft costs but not construction. The City is pursuing alternative funding sources to assist with this development. See response to question #3 regarding prevailing wage.

13. 442 Adams - The APN number starts with 001 not 007 FYI

**Answer:** noted.

14. Dutra/Madison - The site area is the same approx. size as the Calle P site? Also, it looks like the property will only use a portion of parcel 001-522-150? Looks like the intent would to create a parcel will go the cypress trees to the north?

**Answer:** Yes, the intent is to maintain the City parking lot which would require creating lots between Madison Street and the line of Cypress trees.

15. Has the City of Monterey developed a preference for the type of housing the City and the community would like to see developed, for example seniors housing, family housing, supportive housing for the homeless?

**Answer:** No.
16. What financial resources might be available from the City or the County of Monterey to assist with development costs?

**Answer:** See response to question 12.

17. Are there any local resources that would be available to assist with environmental remediation at the properties where contamination has been detected?

**Answer:** See response to question 12.

18. It is our understanding that the Housing Authority of the County of Monterey (HACCM) makes project based vouchers available from time to time. Will the City of Monterey coordinate with HACCM to enable the deployment of vouchers for the purposes of affordable housing development on these sites?

**Answer:** Subject to negotiations with the successful bidder. In your pro-forma, please account for the worst case scenario (no Section 8 assistance).

19. Can you provide the City's Housing Element?

**Answer:** The Housing Element is available on the City's Housing website and has been added to the RFP Google folder.

20. Are there other contacts from the City we can submit questions about water rights/allocations to?

**Answer:** The City requests that you propose your ideal project for each site irrespective of water constraints. The developer, with the assistance of City staff, may negotiate with other agencies for additional water and meters. At this time the City cannot guarantee that additional water credits or water fixture allocations will be available.

21. Can you share any further information about the creative water rights solutions allowed for in the Van Buren Senior Housing project? The RFP states the City/Cal Am waived requirements for individualized unit water meters as the project employed centralized domestic hot water. What were the available water meter sizes for this site and were any additional meters added and/or increased allocations made?

**Answer:** See response 20. A variance to the metering requirement was received from MPWMD based on the type of affordable housing. However, the need for water to offset the new uses still exists.

The Monterey Peninsula Water Management District does permit submetering for individual units as long as the meter is not changed. The new meter restriction is part of the Cease and Desist Order enforced against Cal Am.

22. The RFP states: Reducing or waiving District fees for moderate- and low-income housing. Can you elaborate on the potential fees to be reduced or waived?

**Answer:** The City may be able to reduce fees such as planning and building fees. The City does not have the ability to reduce fees from regional agencies such as but not limited to Monterey Peninsula Unified School District, Monterey One Water and Transportation Agency of Monterey County.
MPWMD waives its Capacity Fee for Low-Very Low Income housing and reduces the fee for Moderate Income Housing. See MPWMD Rules 11 and Rule 24.5.

See response to question #3 regarding prevailing wage.

23. None of the sites have adequate fixture allocations for multi-family housing developments. Is there a process to apply for additional fixture allocations? Are there fees associated with this process? Is there a possibility of exceptions to fees for low-income housing?

**Answer:** See responses to questions 20 and 22.

The development team can request exceptions to City fees as part of its proposal.

24. Are there developments in Monterey that have employed innovative solutions to water storage and reclamation? Are there restrictions to filling on-site water storage system from an existing meter and using this supply to support a housing development?

**Answer:** The City is interested in innovative water solutions.

There are no city restrictions to fill an on-site water storage system. It is unknown if there are restrictions from the Monterey Peninsula Water Management District or other agency or the water company. Developer is advised to conduct their own due diligence.

25. We'd really like to better understand the water allocation system. Would the jurisdiction be negotiating for more water on behalf of the proposing developer? If we're interested in the site "Lot 14" which suggests sub-metering off the adjacent park, what department would we talk to about that? We're also concerned about the water availability for fire safety – would we be required to put a storage tank onsite for the sprinkler system?

**Answer:** See answers 20 and 23.

Storage tanks for fire suppression are not allowed per the City’s Fire Department, but a fire connection is available from California American Water as they are required to provide fire service to properties within their service area. No new meters can be set according to the CDO.

26. Residential Parking: We are aware of the zero new parking requirement in the Downtown Specific Plan—will this be a requirement for these sites? If so, and we wanted to pursue a waiver (to allow a .5 to 1 parking ratio or staff parking, for example) would this require going to the Architectural Review Board? If not, will development of these sites require meeting the .5 space per unit requirement in the Downtown Specific Plan? For required spaces not able to be provided on site, are there any waivers/reductions of parking in lieu fees for affordable housing?

**Answer:** The Downtown Specific Plan (Page 75) requires .5 spaces per residential unit and a maximum of 2 spaces per unit (link to specific plan: https://www.monterey.org/Portals/0/Policies-Procedures/Planning/WorkProgram/DSP/17_0418_Downtown_SP_Amend_Web.pdf). These parking space requirements may be met with an in-lieu fee. It is a possibility to request that the City waive the in-lieu fee as part of negotiations.

27. Public Parking: The RFP states the redevelopment of the Calle Principal site "would likely retain some public parking." Will the City be requiring replacement parking at Calle Principal and if so, how much?
Answer: The City is not tied to a specific number of replacement parking spaces but envisions some parking may be retained either onsite or offsite. If it is not feasible to retain some parking, please submit your proposal as envisioned.

28. Ground Floor Commercial: The RFP states the redevelopment of the Calle Principal site "would require a commercial component." How is this defined? Would non-residential space like property management and resident services offices and residential amenity spaces—such as a community room or afterschool program—meet this requirement?

Answer: No, Community rooms, residential amenity spaces and resident service offices would not meet the definition of "Commercial Component". The Commercial Component could be a Live/Work aspect of the project.

29. Historic District: What process does the City envision with the Madison Street site in terms of the National Historic District overlay? For example, will the City require the developer to hire an historian to evaluate the design?

Answer: The project will require review by the City's Historic Preservation Commission for both the demolition of the structures and proposed new construction. Yes, the project will require a historian to review the project for consistency with the Secretary of Interior Standards.

30. Litigation and Disciplinary Action: The term "other proceeding" in this section is not defined. If there are other disclosures you are looking for besides lawsuit, please provide more specifics. In this same section, does the term 'relating to a development project' mean lawsuits related to solely development/entitlement/construction issues or do you also want information about events during operations such as a tenant dispute?

Answer: Proposers must disclose, for the 5-year period preceding the date of this RFP, a description of any judicial or administrative proceeding that is material to Proposer's business or financial capability or to the subject matter of this RFP, or that could interfere with Proposer's performance of the work requested by this RFP, including, but not limited to, any civil, criminal or bankruptcy litigation; any debarment or suspension proceeding; any criminal conviction or indictment; and any order or agreement with or issued by a court or local, state or federal agency. For each such proceeding, state the name of the case or proceeding, the parties involved, the nature of the claims involved, its current status and the final disposition, if any. Provide the same information for any officer, director, principal, or partner of Proposer's organization, and for any subcontractor Proposer plans to use to perform the services described in this RFP.

31. When and where will answers to submitted questions be issued? Will all questions/answers submitted be shared with all teams interested in proposing?

Answer: Yes, the answers will be shared with all interested parties and posted to the website the week of August 24th.

All other conditions of the Request for Proposals remain the same. Acknowledge this addendum and all others in your bid Appendix 5 of the RFP.

Please submit one (1) sealed hard copy, plus one electronic copy, of the proposal no later than 4:00 pm on October 2, 2020:

Until 4:00pm on the Submittal Deadline Date, proposals shall be addressed as follows and mailed
or hand-delivered to:

Grant Leonard, AICP
Housing Programs Office
City Hall
570 Pacific Street,
Monterey, CA 93940

If you have additional questions, please contact Project Manager, Grant Leonard, by email at leonard@monterey.org.

Sincerely,

[Signature]

Grant Leonard, AICP