



Board Report

File #: 2023-0448, File Type: Contract

Agenda Number: 8.

PLANNING AND PROGRAMMING COMMITTEE MAY 15, 2024

SUBJECT: DUARTE/CITY OF HOPE STATION JOINT DEVELOPMENT

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to execute an 18-month Exclusive Negotiation Agreement and Planning Document (ENA), with the option to extend for an additional two, 12-month periods, with Jamboree Housing Corporation (Developer) for the development of Metro-owned property at the Duarte/City of Hope A Line Station (Site), subject to resolution of all properly submitted protest(s), if any.

ISSUE

In May 2023, Metro released a Request for Proposals (RFP) for the development of the Metro-owned Duarte/City of Hope A Line Station Site (Site) adjacent to the Duarte/City of Hope A Line Station in the City of Duarte (see Attachment A - Site Map). After a thorough evaluation, interview, and final scoring process, staff recommends entering into an ENA with Jamboree Housing Corporation, the highest-scoring firm.

BACKGROUND

In June 2019, Metro received a Phase 1 Unsolicited Proposal (UP) for the development of affordable housing on the Site, and a Phase 2 Proposal in 2020. In October 2020, the proposal evaluation team concluded the UP did not meet the Joint Development Unsolicited Proposals Policy criteria, which states that proposals must be innovative and unique, and not be for a project that Metro could advance through standard competitive methods. However, staff identified that the concept of developing affordable housing at this location held merit and should be pursued through a formal Request for Proposals.

Metro's joint development process typically begins in collaboration with local jurisdictions to lead community engagement to create Development Guidelines which accompany an RFP for a specific development site. City staff advised Metro that the City had already conducted extensive community visioning and comprehensive planning to prepare and adopt the Duarte Station Specific Plan in 2013 and update and amend the Specific Plan again in 2019. The City and Metro agreed that the Metro

RFP would direct proposers to adhere to the community-informed Specific Plan for overall design and development principles. The RFP required proposals for the 1.4-acre Site to advance the goals outlined in the Specific Plan to create a vibrant, mixed-use transit-oriented project with affordable residential units and local-serving commercial uses, coupled with a high-quality public realm for neighbors and transit riders to enjoy.

A 2021 study commissioned by Metro and conducted by Bay Area Economics (BAE) examined household income levels in the City of Duarte and more specifically, within a 15-minute walk of the Site, and recommended maximizing the number of units for households at or below 80% of Area Median Income (AMI). The BAE study found that of the 2,530 renter households living in the City, approximately 1,735 households, or 69% of the total, had incomes that fall below 80% of AMI. There are approximately 1,280 renter households living in the City of Duarte who pay more than 30% of their income towards housing costs, with 595 households experiencing moderate cost burden and the other 685 households experiencing severe cost burden. This represents approximately 51% of all renter households that experience some form of housing cost burden.

With this understanding, and in consultation with the City of Duarte, Metro developed an RFP that called for proposals to consist of 100% income-restricted housing serving a broad range of low-income households, with units set aside for households earning no more than 80% of AMI. This requirement also reflected the affordability goals in the City's Housing Element and the City's 2021-2029 SCAG Regional Housing Needs Assessment. With older adults comprising about half of Duarte's low-income cost-burdened households, the RFP also highlighted opportunities for an inter-generational housing component.

Community Outreach

Extensive community engagement informed the vision for the station area and the Site. In 2007 and 2008, the City of Duarte participated in a Caltrans Community-based Transportation Grant, which resulted in a Transit-Oriented-Development (TOD) vision and guiding principles for future development within the Station area. The process included significant public outreach culminating in a joint City Council and Planning Commission workshop with over 150 residents in attendance, and a summary presentation before the City Council in April 2008. In 2012, the City of Duarte was awarded a Metro TOD Planning Grant which funded the review of certain parcels in proximity to the Station, including the Site, via a Specific Plan. Through the Specific Plan, and a 2019 amendment, which expanded the allowable residential buildout from 475 to 1,400 total units, the City gathered extensive community input from surveys, workshops and public hearings that were conducted in both English and Spanish. Both the 2013 Site Plan and the 2019 Specific Plan Amendment were formally approved and adopted by the Duarte City Council. These efforts further shifted the City's focus to work with Metro to issue an RFP serving lower-income households.

Developer Selection

On May 9, 2023, the advertisement for the RFP document was circulated to over 1,110 recipients on the California Department of Housing and Community Development's Interested Developers and related interested party's lists; over 1800 recipients of the Metro Joint Development and Transit Oriented Communities e-mail list; firms representing relevant disciplines in Metro's vendor database; and the City of Duarte's development e-mail list.

On May 23, 2023, Metro staff hosted a virtual preproposal conference, which attracted 37 participants representing real estate developers, architecture/design firms, service providers, community-based organizations, general contractors and subcontractors, cultural/arts organizations, and small businesses. An overview of the RFP was given, and questions were received and answered.

After evaluating the four responses received, Metro invited the two highest-scoring developers to participate in oral interviews to confirm detailed components of their respective proposals. A summary of the developer selection process is provided in Attachment B - Procurement Summary.

DISCUSSION

Developer Proposal

The highest-scoring proposal was submitted by Jamboree Housing Corporation, a California-based non-profit 501(c)(3) corporation. Headquartered in Irvine, California, the Developer has provided affordable housing development services to local communities for over 33 years.

Jamboree promotes an ever-evolving mission which incorporates four main pillars that include the delivery of quality affordable housing and services, leveraging of public and private resources, transforming lives and changing communities. In a recent Metro Board action, the Developer was approved for inclusion on the Joint Development 10K Bench and self-certified as a Community Based Development Organization (CBDO). Jamboree Housing has an extensive portfolio of affordable housing projects throughout Southern California with existing operations in other San Gabriel Valley communities such as the cities of El Monte and Claremont.

In El Monte, the Exchange at Gateway is a 132-unit affordable family apartment community that is the first phase of the 14-acre El Monte Gateway, a transit-oriented urban community in downtown El Monte that once served as the city's Public Works yard.

The Claremont property is known as the 74-unit Courier Place, located on the former site of the Claremont Courier newspaper, and adjacent to the Metrolink Station - San Bernardino Line. Built in 2011, Courier Place was the Developer's first inter-generational community and one of only a few affordable, inter-generational, multifamily housing developments in the State. The occupancy mix between seniors and families was a policy goal of the City Council and local residents.

The Developer brings a vast base of knowledge and expertise in real estate development, project finance, and operational management to this project. In addition to its portfolio of over 10,000 existing residential units, within the last three years, the Developer has successfully managed approximately \$123 million of local resources in eight California counties and 26 local communities, representing 1,650 affordable homes. In doing so, the Developer has been able to leverage over \$880 million in additional funding commitments to successfully complete these projects. It is anticipated this experience will help expedite the design, financing, and transformation of the Site into a high-quality affordable housing community.

The Developer's proposal includes the following program elements:

- A minimum of 100 residential units.
- A One- Two- and Three-bedroom unit mix.
- Target populations to include low-income families and seniors.
- Design, financing, and operational programming tailored to an intergenerational community.
- Income levels targeting households at 30% to 60% of Area Median Income (AMI).
- 100 stalls of replacement parking for Duarte/City of Hope Station A Line patrons.
- Approximately 5,000 sq. ft. of ground floor commercial space that will activate Highland Avenue, in keeping with the Duarte Specific Plan.
- Dedicated community space of approximately 4,400 sq. ft.
- A negotiated ground lease payment to be determined upon completion of Project programming, the successful receipt of entitlements, and confirmation of the then fair market value (FMV) of the Site.
- The inclusion of parking stalls dedicated to residents, their guests, and commercial patrons in compliance with Metro's Joint Development Policy.

Please see Attachment C - Site Plan and Renderings for additional information on the proposed Project.

In April 2023, the Metro Board adopted 27 strategies to accelerate the creation of 10,000 housing units-5,000 of which are to be income-restricted-by 2031. This Project supports this goal by designating 100% of all units as income-restricted with a unit mix that accommodates low-income households below the 80% AMI threshold.

Adding to the public benefits, the Project will also create union employment opportunities in the Building Trades and the Developer will be required to comply with Metro's Project Labor Agreement and Construction Careers Policy. As a self-certified CBDO, the Developer will proactively work to secure commitments with Disadvantaged Business Enterprise (DBE), Small Business Enterprise (SBE), and Disabled Veteran Business Enterprise firms during the predevelopment and construction phases. Notices highlighting specific opportunities to partner with the Developer will be communicated on the Developer-led Project website and at all community update meetings. Metro will track progress on the Developer's local hiring and commitments with DBE, SBE/DVBE throughout the ENA term. The actual number of jobs and related contracting opportunities created by the Project will be summarized prior to it returning to the Metro Board for consideration of a Joint Development Agreement which will occur upon the successful conclusion of the ENA process.

ENA Term

At the time of its release in May 2023, the RFP included an attached form of ENA and requested respondents to confirm their acceptance of the ENA provisions or provide comments if modifications were requested. Though the previous form of the ENA in the RFP precedes the recently considered ENA Key Terms presented to the Board in March 2024, it is generally consistent with the template ENA and other acceleration strategies adopted to meet the 10,000-unit goal.

The ENA will require the Developer to refine the Project, seek community feedback, obtain environmental approvals and City of Duarte entitlements, and negotiate terms for a Joint

Development Agreement and Ground Lease with Metro. In addition, the ENA term will provide the opportunity for Metro to work with the Developer to explore the following opportunities identified by the Proposal Evaluation Team (PET) and Metro staff:

- A unit mix and deal structure for an intergenerational development that caters to both seniors and families and remains responsive to federal housing law.
- Details related to the structure, timing, and financial terms of the Developer's final offer for the long-term lease of Metro-owned land.
- In furtherance of the Specific Plan and Metro's 10,000-unit goal, the creation of more housing units than the 100 units that have been proposed.
- Shared parking and other opportunities to make onsite parking more efficient and leverage the nearby A Line Station.
- Commitments to the participation of DBE, SBE, and DVBE firms throughout the predevelopment and construction of the Project.

DETERMINATION OF SAFETY IMPACT

Approval of this item will not have a direct impact on safety. The eventual implementation of this Joint Development Project at the A Line Duarte/City of Hope Station will offer opportunities to improve safety for transit riders and complement the City's Highland Avenue Promenade Project. Ground floor commercial activities proposed within the Project will provide additional "eyes on the street" to enhance safety and provide a sense of community along this strategically important portion of the Promenade just steps away from Metro's station.

FINANCIAL IMPACT

Funding for Joint Development staff time related to the ENA and the proposed Project is included in the FY 2024 budget and the FY25 Proposed Budget in Cost Center 2210 (Joint Development). In addition, the ENA will require a nonrefundable fee of \$50,000 to cover non-Joint Development staff time and third-party expenses during the negotiation.

Impact to Budget

Work under the ENA is included in the FY24 budget and the FY25 Proposed Budget in Cost Center 2210 (Joint Development) under Project 401300 (Joint Development 10K Homes). Staff and consultant costs are included in the FY24 budget to negotiate the proposed transaction and review design and other Project documents. The source of funds for this project is General Fund, which is eligible for bus and rail operations and capital projects.

EQUITY PLATFORM

This action will allow the Developer to refine the Project with additional community input. If the Project proceeds to construction after further Board action, benefits will accrue to the following:

- Approximately 1,735 of 2,530 or 68.6 percent of Duarte's renter households are identified as lower income. The affordability levels identified within the Project would benefit this cohort of City residents as it targets those at and below the lower income threshold of 80% AMI.

- The Project would help to relieve certain financial stresses of some of Duarte’s extremely low-income households that face the highest levels of housing cost burden of all income categories, with 62.2 percent experiencing severe cost burden. Note that severe cost burden occurs when a household spends over 50 percent of its income on housing.
- Of the cost-burdened renter household types with lower incomes living in Duarte, elderly renter households are the largest group making up 44.1 percent of all cost-burdened renter households. This cohort of households would benefit from the Project given the Developer’s interest in exploring an inter-generational mix of residents.
- The broader public (residents of the Project, locals with daily station interaction, and Metro rail and bus customers) will experience an improved site, better access to and from public transit, and greater neighborhood amenities through ground-floor commercial activation.

The Developer and City staff have expressed a strong commitment to actively engage and respond to community stakeholder concerns in coordination with Metro. Developer led community engagement under the ENA will involve different methods such as workshops, surveys, and pop-up events. Engagement will be conducted in English, Spanish, and other languages as needed to reach all interested stakeholders. Metro and the Developer are committed to incorporating community priorities from past engagement efforts, such as identifying ground floor commercial opportunities and finding programmatic linkages to the nearby high school for the arts focusing on equity, partnering with local CBOs, and maintaining relationships with all stakeholders. These would include the inclusion of in-person and virtual/recordable meetings to enhance accessibility and to provide more evening and weekend opportunities to engage the public and other stakeholder groups.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This recommendation supports the Strategic Plan Goal to “enhance communities and lives through mobility and access to opportunity”, specifically Initiative 3.2, which states, “Metro will leverage its transit investments to catalyze transit-oriented communities and help stabilize neighborhoods where these investments are made.” The proposed Project will deliver several community benefits, including transit-accessible, income-restricted housing, union construction jobs, and new commercial/community space.

ALTERNATIVES CONSIDERED

The Board could choose not to proceed with the recommended action and could direct staff to continue clarification talks with the Developer prior to considering an ENA or prepare and release a new solicitation for joint development of the Site. Staff does not recommend proceeding with these alternatives because the recommended action will ensure the most transparent process with community stakeholders and appropriately builds upon Metro’s partnership with the City of Duarte and the significant community input and procurement process that has transpired thus far. A new solicitation process would delay the development of the Site and construction of much-needed affordable housing units. Further, other options could still be considered if the ENA process discussion does not create a project proposal suitable to Metro.

NEXT STEPS

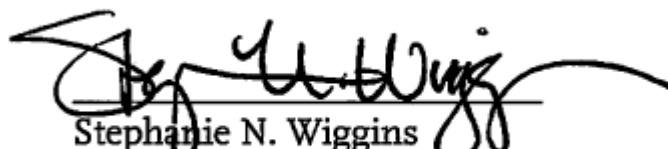
Upon Board approval of the recommended action, the ENA will be executed, and Metro staff and the Developer will commence preliminary negotiations in parallel with design review and community engagement. Identifying an effective community engagement process within the first six months of the ENA will be one of the conditions for proceeding with further negotiations. Metro will continue to coordinate closely with the City of Duarte as it has done since the inception of the RFP process.

ATTACHMENTS

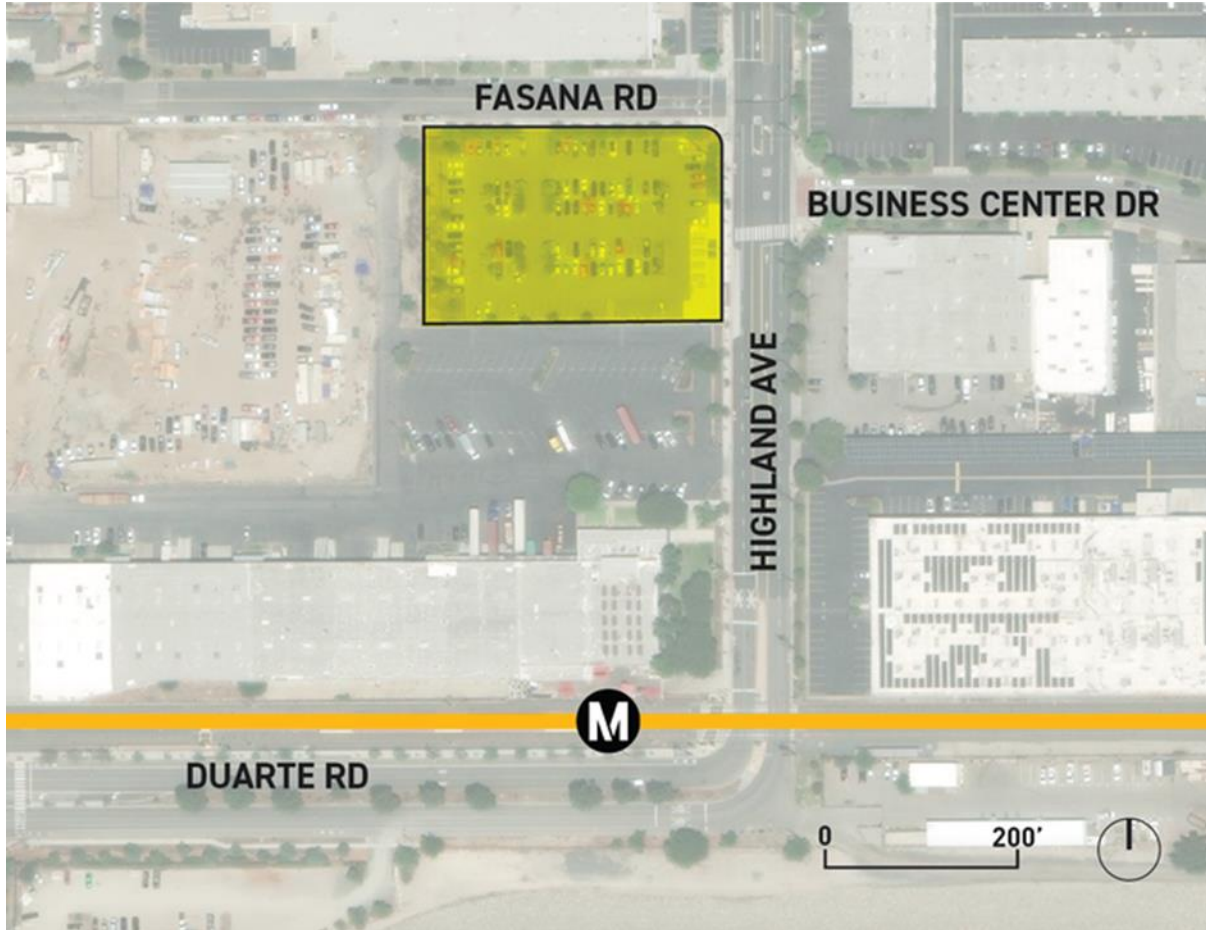
Attachment A - Site Map
Attachment B - Procurement Summary
Attachment C - Site Plan and Renderings

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Stephanie N. Wiggins
Chief Executive Officer

Attachment A – Site Map
Duarte/City of Hope Station Joint Development



Joint Development Project Site

PROCUREMENT SUMMARY

DUARTE/CITY OF HOPE STATION JOINT DEVELOPMENT/ PS104506

1.	RFP Number: PS104506	
2.	Recommended Vendor: Jamboree Housing Corporation	
3.	Type of Procurement (check one): <input type="checkbox"/> IFB <input type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order <input checked="" type="checkbox"/> Joint Development	
4.	Procurement Dates:	
	A. Issued: May 9, 2023	
	B. Advertised/Publicized: May 9, 2023	
	C. Pre-Proposal Conference: May 23, 2023	
	D. Proposals Due: August 3, 2023	
	E. Pre-Qualification Completed: N/A	
	F. Ethics Declaration Forms submitted to Ethics: August 4, 2023	
	G. Protest Period End Date: May 21, 2024	
5.	Solicitations Picked up/Downloaded: 70	Bids/Proposals Received: 4
6.	Contract Administrator: Armine Menemshyan	Telephone Number: 213-922-4851
7.	Project Manager: Carey Jenkins	Telephone Number: 213-547-4356

A. Procurement Background

This Board Action is to approve an Exclusive Negotiation Agreement and Planning Document (ENA) for the development of Metro-owned property at the Duarte/City of Hope A Line Station. Board approval of agreements are subject to resolution of any properly submitted protest(s), if any.

The Request for Proposals (RFP) was issued in accordance with Metro's Acquisition Policy and will result in an ENA.

An amendment was issued during the solicitation phase of this RFP as follows:

- Amendment No. 1, issued on May 16, 2023, revised the Tabular Project Summary under Section 6. Submission Requirements/C. Development Program.

A total of 70 individuals downloaded the RFP and were included in the planholder's list. A virtual pre-proposal meeting was held on May 23, 2023, and was attended by 37 participants representing 25 firms. There were 10 questions asked and responses were released prior to the proposal due date.

Four proposals were received on August 3, 2023 from the following firms:

- Cesar Chavez Foundation (CCF)
- Jamboree Housing Corporation
- JPI Companies
- Mercy Housing California

B. Evaluation of Proposals

A Proposal Evaluation Team (PET) consisting of staff from Metro’s Joint Development, Transit Oriented Communities, and Parking Management departments, and the City of Duarte was convened and conducted a comprehensive technical evaluation of the proposals received.

The proposals were evaluated based on the following evaluation criteria and weights:

- | | |
|--|------------|
| • Vision, Scope and Design | 40 percent |
| • Development Team Experience and Financial Capacity | 30 percent |
| • Financials | 20 percent |
| • Implementation | 10 percent |

The evaluation criteria are appropriate and consistent with criteria developed for other, similar Joint Development opportunity procurements. Several factors were considered when developing these weights, giving the greatest importance to vision, scope, and design.

During the period of August 9, 2023 to December 13, 2023, the PET independently evaluated and scored the proposals.

Of the four proposals received, two were determined to be within the competitive range and are listed below in alphabetical order:

1. Jamboree Housing Corporation
2. Mercy Housing California

Two firms were determined to be outside the competitive range and were excluded from further consideration as their proposals did not adequately address the vision, scope, and design requirements of the evaluation criteria.

On December 5, 2023, both firms within the competitive range were invited for interviews to discuss their proposals and respond to questions from the PET. After the interviews, the PET determined that Jamboree Housing Corporation was the highest scored proposer to enter into an ENA.

Qualifications Summary of Firms within the Competitive Range:

Jamboree Housing Corporation

Jamboree Housing Corporation is a non-profit 501(c)3 corporation with 33 years of affordable housing development, financing, resident services, and public private partnership experience. Jamboree delivers quality affordable housing and services that transform lives and strengthen communities.

Mercy Housing California (MHC)

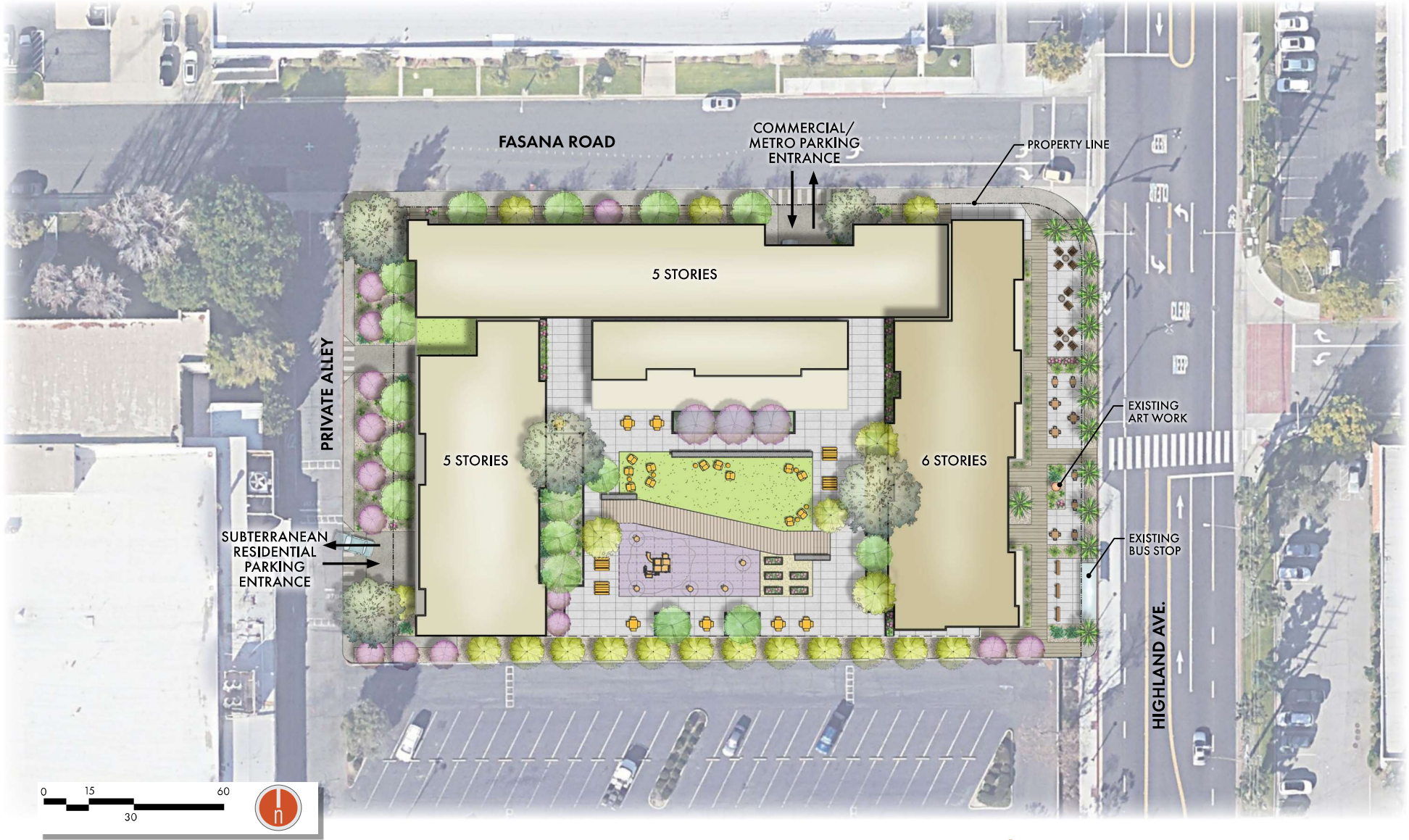
Mercy Housing California is a non-profit corporation and is the largest nonprofit owner of affordable housing in the United States. It was incorporated in 1988 as the California affiliate of Mercy Housing, Inc. MHC has grown substantially, both through its own affordable housing development and through mergers with other nonprofit housing groups. The firm has development offices in San Francisco, Sacramento, and Los Angeles. Between MHC’s three offices, Mercy Housing has developments in 36 counties ranging from San Diego to Shasta.

The following table summarizes the final scores:

1	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
2	Jamboree Housing Corporation				
3	Vision, Scope and Design	79.50	40.00%	31.80	
4	Development Team Experience and Financial Capacity	72.00	30.00%	21.60	
5	Financials	69.35	20.00%	13.86	
6	Implementation	80.70	10.00%	8.07	
7	Total		100.00%	75.33	1
8	Mercy Housing California				
9	Vision, Scope and Design	66.00	40.00%	26.40	
10	Development Team Experience and Financial Capacity	82.00	30.00%	24.60	
11	Financials	64.65	20.00%	12.93	
12	Implementation	76.70	10.00%	7.67	
13	Total		100.00%	71.60	2

C. Background on Recommended Contractor

The recommended firm, Jamboree Housing Corporation, located in Irvine, California, is a non-profit 501(c)3 corporation with 33 years of affordable housing development, financing, resident services, and public private partnership experience. Jamboree delivers quality affordable housing and services that transform lives and strengthen communities.









Next stop: building communities.

Duarte/City of Hope Station Joint Development

Planning & Programming Committee

May 15, 2024

Legistar File# 2023-0448



Metro



Recommendation

AUTHORIZE the Chief Executive Officer to execute an 18-month Exclusive Negotiations Agreement and Planning Document (ENA), with the option to extend for an additional two, 12-month periods, with Jamboree Housing Corporation (Developer) for the development of Metro-owned property at the Duarte/City of Hope A Line Station (Site), subject to resolution of all properly submitted protest(s), if any.

Duarte/City of Hope Station Project Overview

Developer: Jamboree Housing Corp.

Project Size: 1.41 acres

Units:

- > 100 total units (subject to increase)
- > 99 affordable, 30-60% AMI
- > 1 manager's unit

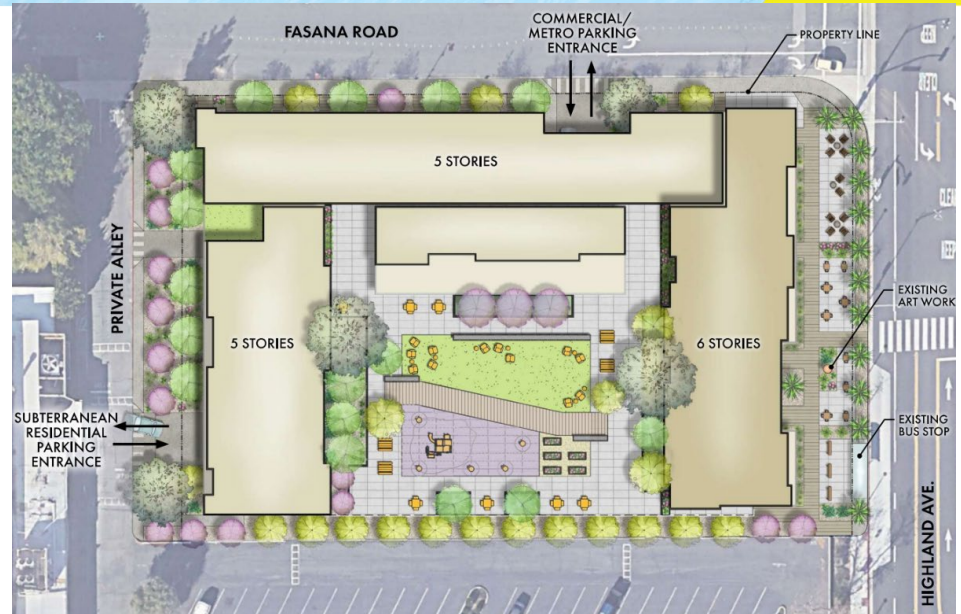
Commercial: 5,000 sq ft

Parking:

- > Residential – subject to the Joint Development Policy
- > Commercial - 25
- > Replacement - 100

Amenities:

- > 4,400 sq. ft. Community Space



View from the corner of Highland Ave and Fasana Rd facing southwest

Outreach

A series of City-sponsored activities and events that have included:

- 2007**
 - Award of a Caltrans Transportation Grant for community-focused site analysis
 - TOD Vision and Guiding Principles for future Station Area development
- 2008**
 - Series of City-sponsored public outreach events
 - Joint City Council and Planning Commission workshop and formal visioning
- 2012**
 - Metro award of a TOD Planning Grant allowing for initial review of specific development opportunities in proximity to the Duarte Station
 - Duarte Station Specific Plan adopted by the City
- 2019**
 - Specific Plan amendment expanding the residential build-out of the Plan Area
 - City-sponsored outreach including extensive surveys, workshops, and public hearings

Developer Selection Process

Key Elements of the RFP Process

- > May 9, 2023, RFP was issued
 - > Over 1,100 notices to the HCD List of Interested Parties
 - > Approximately 1,800 notices to the Joint Development/TOC mailer
- > May 23, 2023, a virtual bidder's conference held with 40 attendees
- > Series of extensive applicant review sessions and developer interviews
- > January 16, 2024, Notice of Intent to Enter into an ENA issued
- > Detailed description of the process can be found in the Procurement Summary (*Attachment B*)

Next Steps

Upon Board approval:

- > Developer-led community outreach in coordination with the City of Duarte
- > Review program elements - affordable housing mix/number of units, commercial uses, parking
- > Refine project design and submit entitlements
- > Analyze the pro forma to confirm financial feasibility
- > Negotiate a term sheet for the Joint Development Agreement and Ground Lease