

Merced Housing Successor Properties (10 Sites)
RFP Submittal Overview

Developer	Linc Housing	Housing Development Corporation Monterey County (HDC)	Habitat for Humanity Merced County	Custom Containers 915 Merced Rescue Mission
Proposed Project	40-units of multifamily rental housing Extremely low income (EL) Veterans and formerly homeless	71-units of multifamily rental housing Extremely low (EL), very low (VL), and low income (L) Seniors and disabled veterans	3 units of single-family housing Very low income (VL) Mutual self-help units	20 rental studio units in retrofitted shipping containers Extremely low income (EL) Homeless veterans
Staff / RSG Recommendation	Select Linc for Sites 1-5 to Linc is the preferred developer for Sites 1-5 due to: <ul style="list-style-type: none"> • Developer experience • Deep affordability • Identified external leveraging funding sources • Density better fits the neighborhood • Number of proposed units allowable with a 100% density bonus (40 proposed, 44 maximum) • Requesting land donation and no other City funding 	Consider HDC as a back-up option for Sites 1-6 (if needed) HDC is the last choice for Sites 1-6 due to: <ul style="list-style-type: none"> • Density/massing out of scale for neighborhood • Number of proposed units exceeds the amount allowed with a 100% density bonus (71 proposed, 54 maximum) • Requesting land donation plus \$735,000 in City funding • Other funding sources to be determined 	Select Habitat for Sites 6 and 8 Habitat is preferred for Sites 6 and 8 because: <ul style="list-style-type: none"> • Although Habitat originally requested Sites 1-3, they are open to all sites • Development model is better suited for scattered sites • Sites 6 and 8 are one block away from each other • Smaller sites are more suitable to Habitat's housing model (prefer sites that are 2,000 – 3,000 s.f.) • Requesting land donation; may need fee and permit assistance 	Select Custom Containers 915 for Site 10 Custom Containers 915 is preferred for Site 10 because: <ul style="list-style-type: none"> • Only developer who specifically requested Site 10 • Requesting land donation; may need assistance with utility connections and sidewalk improvements

**Merced Housing Successor Properties (10 Sites)
RFP Submittal Overview**

Developer	Linc Housing	Housing Development Corporation Monterey County (HDC)	Habitat for Humanity Merced County	Custom Containers 915 Merced Rescue Mission
Strengths	<p>Deep affordability (assuming vouchers are available)</p> <p>Assisting veterans and formerly homeless</p> <p>Developer has developed 8,750 units over 36 years and has experience securing a variety of funding sources.</p> <p>Project is leveraging City land contribution with VHHP (\$5.9 million)</p> <p>Developer has strong financial capacity with \$50 million in net assets (\$13 million cash)</p> <p>Positive references from public agency partners</p>	<p>Deep affordability (assuming vouchers are available)</p> <p>More affordable units than other proposals</p> <p>Assisting seniors and disabled veterans</p> <p>Developer completed 1,355 units over 15 years. Experience securing multiple financing sources, including for senior and special needs housing.</p> <p>Organization has strong financial capacity with over \$33 million in net assets</p>	<p>Habitat has enough cash on hand to build 3 or 4 single family homes</p> <p>Funded by cash, volunteer labor, and discounts from vendors</p> <p>Past experience with construction of proposed floor plan in Merced</p> <p>Mortgage costs aligned with household income to avoid cost burden</p>	<p>Deep affordability (assuming vouchers are available)</p> <p>Pocket village concept can be developed quickly</p> <p>Assisting homeless veterans</p> <p>Experience developing similar villages in Arizona, North Carolina, and New Jersey</p> <p>Partnering with Merced Rescue Mission for supportive services for homeless veterans</p> <p>Potential partnering with Merced HAS and other agencies</p>

**Merced Housing Successor Properties (10 Sites)
RFP Submittal Overview**

Developer	Linc Housing	Housing Development Corporation Monterey County (HDC)	Habitat for Humanity Merced County		Custom Containers 915 Merced Rescue Mission
Weaknesses	<p>If land contribution is structured as a loan, no repayment projected</p> <p>Unclear if the proposed Project is competitive for 9% tax credits (tie breaker score not provided)</p> <p>Highest cost per unit among proposals</p> <p>Project only includes one-bedroom units</p>	<p>If land contribution is structured as a loan, no repayment projected</p> <p>In addition to City funds, Developer requests City incentives to reduce costs including:</p> <ul style="list-style-type: none"> - density bonuses well above State requirements - waiver of setbacks - reduction and deferral of fees - reduction in parking requirements - fast track planning - CDBG grant funding for community center - HOME funds <p>Proposal is difficult to follow. Not clear what the basis for rent schedule is. Pro forma shows negative cash flow (debt service is incorrect) and does not conform to TCAC guidelines. Respondent was reluctant to respond to follow-up questions.</p>	<p>Did not provide detailed information about construction costs, feasibility, cash flows, or potential for loan repayment requested in RFP</p>		<p>Did not meet RFP deadline</p> <p>More discussion required to ensure compliance with affordability requirements</p> <p>Did not provide detailed information about construction costs, feasibility, cash flows, or potential for loan repayment requested in RFP</p> <p>Site 10 is currently zoned for R-1 not multi family. May require a rezone and general plan amendment or other potential exemption.</p>

Merced Housing Successor Properties (10 Sites)
RFP Submittal Overview

Developer	Linc Housing	Housing Development Corporation Monterey County (HDC)	Habitat for Humanity Merced County	Custom Containers 915 Merced Rescue Mission
Sites Requested	Sites 1-5	Sites 1-6 Recommending 7,9	Any site; Prefer sites 1-3, then 6-9, then 10 Recommending 6,8	Site 10
Number of Units	40 units (includes 1 manager unit) Density: 77 dwelling units per acre	71 units (includes 1 manager unit) Density: 109 dwelling units per acre	3 units Density: <1 dwelling units per acre	20 units Density: <1 dwelling units per acre
Occupancy Type	Rental – veterans and homeless prevention	Rental – seniors and disabled veterans	Ownership – single-family mutual self-help units	Rental – Homeless veterans
Bedroom Mix	1 bed – 40 units Total – 40 units	Studios – 50 units 1 bed - 15 units (incl. 1 mgr) 2 bed – 6 units Total - 71 units	3 bed – 3 units	Studios – 20 units

Merced Housing Successor Properties (10 Sites)
RFP Submittal Overview

Developer	Linc Housing	Housing Development Corporation Monterey County (HDC)	Habitat for Humanity Merced County	Custom Containers 915 Merced Rescue Mission
Income Levels	30% AMI (EL) – 39 units (100%) Manager Units – 1 unit Total – 40 units	30% AMI (EL) – 61 (86%) 50% AMI (VL) – 2 (4%) 80% AMI (L) – 7 (10%) Mgr - 1 Total - 71 units	To be negotiated; must meet HCD requirements Habitat stated they target households earning 50% AMI (VL)	To be negotiated; must meet HCD requirements Assume extremely low-income project assisting homeless veterans Proposes County vouchers to pay for rent set at low income rent limits
	Complies with income limits -100% EL rental Complies with senior limits -no senior units	Complies with income limits -86% EL rental -4% VL rental -10% L rental Complies with senior limits -71 senior and disabled units within 119 maximum that City may assist	Income limits to be negotiated; staff will ensure compliance* Exempt from senior limits (not rental housing)	Income limits to be negotiated; staff will ensure compliance* Complies with income limits if 100% EL Complies with senior limits -no senior units
Surplus Lands Act Compliance				
-at least 80% of parcel area must be used for housing development (staff will ensure compliance for all parcels) -at least 40% of units must be affordable to low income (60% AMI); of which at least half are affordable to very low income (50% AMI) -minimum affordability period of 30 years				

Merced Housing Successor Properties (10 Sites)
RFP Submittal Overview

Developer	Linc Housing	Housing Development Corporation Monterey County (HDC)	Habitat for Humanity Merced County		Custom Containers 915 Merced Rescue Mission
	Income limits comply	Income limits comply	Income limits to be negotiated; staff will ensure compliance		Income limits to be negotiated; staff will ensure compliance
Total Development Cost	\$20,567,024 (\$514,176 per unit) * Assumes land cost of \$450,000. ** Cost per unit and cost per square foot are high relative to comparable tax credit projects in the region, but within the range of typical construction costs	\$23,971,089 (\$337,621 per unit) * Includes \$500k for prevailing wages, but does not explain how that was calculated. ** Assumes land cost of \$600k. ** RSG determined that costs are high relative to valuation standards, but below average for TCAC projects in the Central Valley.	\$350,000 to \$375,000* (up to \$125,000 per unit) *Estimated costs based on 18.4% (Fresno) and 21.8% increase in Wood Frame construction since mid-2016. Lyle indicated that Habitat's costs in 2016 were about \$100,000 per home.	Not specified	\$2,000,000 (\$100,000 per unit) *Assumes City land donation
Gap Financing	City Land donation: \$450,000 VHHP: \$5,876,292 Tax Credit Equity: \$13,873,906 Total: \$20,110,198 (97.8% of total project cost)	City land donation: \$600,000 Unspecified City contribution: \$735,000 Tax Credit Equity: \$18,135,095 Total: \$19,470,095 (81.2% of total project costs)	City land donation Sweat equity	Not specified	City land donation County construction financing and rent vouchers
Requested City Contribution	Land donation (\$450,000 value) Total - \$450,000 * Value is derived from comparable sales in the areas.	Land donation (\$600,000 value) Other unspecified City contribution (\$735,000) Total - \$1,335,000	Land donation (no value provided) May need City fee and permit assistance	Land donation (no value provided)	Land donation (no value provided) May need City assistance with utility connections and sidewalk improvements

Merced Housing Successor Properties (10 Sites)
RFP Submittal Overview

Developer	Linc Housing	Housing Development Corporation Monterey County (HDC)	Habitat for Humanity Merced County	Not specified	Custom Containers 915 Merced Rescue Mission
Development Timeline (Approx.)	Construction starts in 2023 Placed in Service in 2025	Not specified. Pro forma shows 2026 as first year with revenue.	Construction begins following permit issuance; anticipated completion within 12 months of permit issuance.	Not specified	Site prep starts December 2022 Placed in service June to July 2022

**Merced Housing Successor Properties (10 Sites)
RFP Submittal Overview**

<p>Amenities & Design Concept</p>	<p>Two buildings with 40 units</p> <p>A 100% density bonus on Sites 1-5 would permit up to 44 units</p> <p>Design elements TBD, will align with City design standards and fit into surrounding neighborhood</p> <p>Ample common areas and community room</p> <p>Resident services provided in partnership with Merced VA and Merced County Veterans Services</p> <p>Office to provide intensive case managements, resident resource referral, community building, and recreational events</p> <p>Partner with Merced County Food Bank, University of California, Merced, the American Legion, and other organizations to supplement food and service needs</p> <p>Sustainable, green, or LEED design elements are anticipated, which may include energy or water efficiency, low</p>	<p>4-story building with 71 units</p> <p>A 100% density bonus on Sites 1-6 would permit up to 54 units</p> <p>Developer is requesting:</p> <ul style="list-style-type: none"> - density bonuses above State requirements - waiver of setbacks - reduction and deferral of fees - reduction in parking requirements - fast track planning <p>Design that aligns with City design standards; design elements that maximize visibility and surveillance</p> <p>Office, community center with meeting rooms, dog lot, secure bike and handicapped parking</p> <p>On-site services coordinator will organize community building events, workshops, and services for senior/disabled residents</p> <p>Will outreach to community services providers including colleges, educational resources, Alliance on Aging, Merced County Housing Authority Family Self Sufficiency Program,</p>	<p>1,050 square foot homes with 3-bedrooms, 2-bathrooms, and 2-car garage</p> <p>Design consistent with five single-family homes already built in Merced that fits City design standards</p>	<p>25-30 units of modular construction</p>	<p>20 studio units in 10 retrofitted modular shipping containers forming a pocket village</p> <p>2 shipping containers retrofitted as a community lounge and meeting room for case workers; potential studio apartment if a full-time on-site manager is required</p> <p>Design that meets City and State building requirements</p> <p>Site manager with 24/7 access and security cameras</p> <p>Fencing will enclose the village</p>
--	--	---	--	--	---

**Merced Housing Successor Properties (10 Sites)
RFP Submittal Overview**

Developer	Linc Housing	Housing Development Corporation Monterey County (HDC)	Habitat for Humanity Merced County		Custom Containers 915 Merced Rescue Mission
	maintenance or drought tolerant landscaping, Energy Star rated appliances, or on demand water heaters.	downtown organizations, and neighborhood groups Sustainable design elements that promote energy and water efficiency, low maintenance and drought tolerant landscaping, energy star rated appliances, and on demand water heaters			

**Merced Housing Successor Properties (10 Sites)
RFP Submittal Overview**

<p>Developer Experience & Capacity</p>	<p>36 years in business</p> <p>Has developed over 8,750 units throughout California; currently maintains over 6,000 units</p> <p>Assembled an experienced team of staff within the organization and supportive services partners</p> <p>Own, develop, operate and manage model</p> <p>Extensive experience securing multiple financing sources, including for veterans permanent supportive housing</p> <p>Low debt ratio indicating that organization is not highly leveraged</p> <p>High asset coverage ratio indicating that organization can cover its debt obligations</p> <p>Although expenditures have exceeded revenues in recent years, organization has strong financial capacity with over \$50 million in net assets (\$13 million cash)</p>	<p>15 years in business</p> <p>1,355 units</p> <p>Assembled an experienced team including an architect in the local area with working knowledge of Merced</p> <p>Own and develop model. Will hire a local property manager or utilize John Stewart Company for operations and management</p> <p>Extensive experience securing multiple financing sources, including for senior and special needs housing</p> <p>Low debt ratio indicating that organization is not highly leveraged</p> <p>High asset coverage ratio indicating that organization can cover its debt obligations</p> <p>Organization has strong financial capacity with over \$33 million in net assets</p>	<p>Homes sold at cost with a zero-interest loan to eligible low income families who contribute 500 hours of sweat equity to construct their home</p> <p>Habitat pays for all permitting and construction costs</p> <p>As of January 2021, had \$548,134 in cash assets</p> <p>Low debt ratio indicating that organization is not highly leveraged</p> <p>Low debt ratio indicating that organization is not highly leveraged</p> <p>No debt obligations</p> <p>Organization has limited financial capacity with approximately \$811,000 in net assets (\$548,134 cash); however organization raises funds to cover construction costs and families contribute sweat equity</p>	<p>Not provided</p>	<p>19 years in business</p> <p>Based on West Texas and specializes in construction of homes, offices, and multi-purpose structures out of shipping containers</p> <p>Provided examples of three representative projects</p>
---	--	---	--	---------------------	---

**Merced Housing Successor Properties (10 Sites)
RFP Submittal Overview**