

RFP #: WebStRFP2023

ENTITY: ICD SERVICES: Const. Debt

ISSUED: 03/02/2023



Request for Proposal for Construction-term Debt Webster Street Hotel Conversion

ISLAND CITY DEVELOPMENT
701 ATLANTIC AVENUE
ALAMEDA, CALIFORNIA 94501

Request for Proposal Issued
March 2, 2023

Deadline for Submitting Proposal
April 10, 2023, 5:00 PM Pacific Time

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**ISLAND CITY DEVELOPMENT
701 ATLANTIC AVENUE
ALAMEDA, CALIFORNIA 94501-2161**

**REQUEST FOR Proposal
Construction-term Debt for Webster St Hotel Conversion**

SECTION I. GENERAL INFORMATION

PURPOSE OF THE RFP

The objective of this Request for Proposal (RFP) is to seek proposals from qualified lenders to assist in financing the acquisition and renovation of a hotel conversion project with a total of 50 units at 1628 Webster Street, Alameda, CA 94501. This acquisition and renovation is expected to close on **September 25 2023**.

The Webster St Hotel Conversion development is the conversion of an extended stay hotel, in good condition, elevator-served, on an engaging, transit-oriented street in the City of Alameda. This project contains 49 studio units of affordable housing (with their own kitchenettes and baths). Thirteen of the units will serve CES-filled homeless individuals that will need case management. One onsite manager's unit will be provided in addition. The development contains ample office/community spaces and a commercial warming kitchen on site. A resident community garden/outdoor space will be created. Renovation will focus on creating additional accessibility, updating community spaces and adding solar for streamlining operating costs. Onsite services will be provided by LifeSTEPS, an established and experienced provider of case management and resident engagement services to low income and supportive housing populations throughout the State of California. Property management will be provided by FPI Management, a highly experienced agent for affordable and supportive housing developments throughout the State of California. Island City Development operates and reviews multiple affordable developments within a few miles of the site, and is a hands-on and responsive owner to its residents, funders, and the surrounding neighborhood. The Housing Authority of the City of Alameda (AHA) is a co-sponsor of this development.

The permanent funding sources for this development include the Multifamily Housing Program of the State of California and the Housing Authority of the city of Alameda. There is no permanent mortgage. AHA funds are available during construction, but the State funds are only available after construction and conversion.

Additional project details are described in Section II below.

BACKGROUND

Island City Development (ICD) is a California non-profit public benefit corporation. ICD was created in 2014 to serve as the nonprofit developer for the Housing Authority of the City of Alameda (AHA). ICD's directors and officers have been appointed by Executive Director of AHA. To date, ICD has participated in the development of four properties financed by the Low Income

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Housing Tax Credit program (LIHTC), totaling 175 units of affordable housing. Three of these are self-developed. One property recently completed construction while the other properties have stabilized occupancy, and no properties are in default or noncompliance status. ICD is the sole member and manager of ICD Webster LLC, which is the proposed borrower/owner.

AHA was established on August 6, 1940 and is located at 701 Atlantic Avenue, Alameda, California 94501. In partnership with the entire community, AHA advocates and provides quality, affordable, safe housing; encourages self-sufficiency; and strengthens community inclusiveness and diversity in housing. AHA is dedicated to providing and expanding high quality affordable housing. The governing body of AHA is a seven-member Board of Commissioners appointed by the Mayor of the City of Alameda. The Executive Director is the President and Chief Executive Officer. AHA is a separate public body from the City of Alameda.

AHA currently administers subsidized rent programs throughout the City of Alameda funded by the U.S Department of Housing and Urban Development (HUD), including a Housing Choice Voucher program which is currently serving over 1,500 low-income households. The Housing Authority of the City of Alameda and its affiliates Island City Development and Alameda Affordable Housing Corporation own and operate over 600 units of affordable rental housing in various apartment complexes and condominiums throughout the City of Alameda. In addition to these properties, AHA owns the land and has a ground lease with six additional properties. AHA is also a special limited partner in two LIHTC properties with two separate regional nonprofit development partners.

Proposals submitted in response to this solicitation must conform to all of the requirements and specifications outlined within this document and any designated attachments in its entirety. The instructions below provide guidance on what responses should contain and how it should be organized. ICD encourages responses from Minority and Women Business Enterprises (MBE and WBE).

IMPORTANT DATES FOR THE RFP

1. RFP published and distributed: March 2 2023

Notice published on ICD website <https://www.islandcitydevelopment.org/procurements/>

2. Deadline for Questions regarding the RFP: March 16, 2023, 5:00 PM

Questions must be e-mailed to Sylvia Martinez, Director of Housing Development at smartinez@alamedahsg.org with a copy to Jocelyn Layte, Housing Development Specialist at jlayte@alamedahsg.org.

Please use the subject line "Webster St Hotel Conversion Debt RFP - Questions."

A list of the questions asked and the answers will be posted on the ICD website <https://www.islandcitydevelopment.org/procurements/>

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3. Deadline for Submittal of Proposals:

April 10, 2023, 5:00 PM

Please email responses to Sylvia Martinez at smartinez@alamedahsg.org with a copy to Jocelyn Layte at jlayte@alamedahsg.org.

Subject of the email should be labeled "Webster St Hotel Conversion – Const. Debt RFP Proposal by [Respondent's name]."

IMPORTANT INFORMATION ABOUT THE RFP

ICD reserves the right to modify this schedule at our discretion. Notification of changes in connection with the RFP as well as answers to questions posed by Respondents will be made available to all interested parties via our website.

ICD reserves the right to take the following actions, to:

- Require a Respondent to submit additional data, discuss the qualifications, or to make a presentation of the qualifications.
- Solicit information from any available source concerning any aspect of the qualifications.
- Conduct interviews via phone or in person.
- Check references and to contact any current or past users of the Respondent's services.
- Conduct credit and LexisNexis checks.
- Waive any or all minor informalities or irregularities.
- Reject any qualifications.
- Reject all qualifications.
- Terminate this RFP.
- Negotiate with all qualified and approved Respondents, which might result in revisions to qualifications.
- Award a contract based solely on the proposals received without further discussion with the Respondent. Proposals submitted, therefore, should reflect the most favorable terms from a cost/benefit standpoint.
- Enter into serial or multiple contracts with the winning Respondent(s).
- Retain all proposals submitted and not permit withdrawal for a period of 60 days subsequent to the deadline for receiving proposals without the written consent of the ICD President.

Respondents are advised to be as complete as possible in their responses. Any materials submitted by Respondents that is considered confidential must be clearly marked as such. ICD and its representatives are not responsible for any errors or omissions in these specifications.

ICD will reject the proposals of any Respondent who is debarred by the U.S. Department of Housing and Urban Development (HUD) from providing services to public housing agencies and other HUD grantees.

In submitting a response, the Respondent acknowledges that ICD shall not compensate the Respondent for any submission or contract negotiation costs, including cost of preparation,

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appearances for interviews, and/or travel expenses. The Respondent assumes all responsibility for submission of proposals and meeting of required deadlines.

GENERAL REQUIREMENTS

All work is to be performed in accordance with all applicable professional standards, HUD regulations, requirements and criteria and local codes, regulations, ordinances, and statutes. The selected respondent will perform only work which is authorized by ICD.

All documents produced under contract to the ICD must be submitted in a format to which both parties agree. All documents and products created by the selected respondent and any sub-contractors shall become the exclusive property of ICD.

ICD is committed to affirmatively furthering fair housing for all persons regardless of age, race, color, national origin or ancestry, citizenship, religion, sex, sexual orientation, gender, gender identity, gender expression, marital status, physical or mental disability, medical condition, genetic information, marital status, familial status, or any other basis protected by state, federal, or local law. All contractors are required to promote fair housing and comply with the Fair Housing Act and fair housing laws and regulations.

ICD, AHA, HUD, and the Comptroller General of the United States shall at all times have access to any books, documents, papers, and records of the selected individual/firm which are directly pertinent to the specific contract for the purpose of audit, examination, or for excerpts or transcripts.

SELECTION CRITERIA

The criteria and process for determining the selection of the successful Respondent(s) is at the sole and absolute discretion of ICD. Proposals containing the requested information will serve as the primary basis for final selection, supplemented by other means as described in this RFP.

All proposals will be reviewed by ICD based on the evaluation criteria contained in this RFP. ICD will select the top Respondent(s) based upon the evaluation of the proposals and the fees/terms proposed (not necessarily the lowest pricing/bidder).

ICD expects to enter into a Letter of Intent with the top ranked Respondent(s) at which time ICD and the Respondent will resolve any necessary issues. If, in the sole judgment of ICD, these negotiations are not successful, ICD reserves the right to enter negotiations with other lenders and/or investors, proceeding in the order of their initial ranking.

The Respondent to whom an award will be made will be notified at the earliest practicable date.

SECTION II. TRANSACTION DESCRIPTION

In June 2022, the Housing Authority of the City of Alameda (AHA) approved a purchase and sale agreement and went into escrow with the owner of the Hawthorn Suites, to convert the extended-stay hotel to residential use and an affordable development. The development will be 50 studio units, with private kitchens and baths. Two small retail spaces along Webster Street will be

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retained. The development will focus on half of the site, allowing the other half to be retained for future development. The property will be retained by the Housing Authority of the City of Alameda, which will provide a ground lease for the improvements. On March 30, 2022, the State of California Department of Housing and Community Development (HCD) published the Super Notice of Funding Availability (Super NOFA) which includes multiple HCD funding programs. On July 12, 2022, ICD submitted a Super NOFA Funding Application to the State HCD requesting funds from the Multifamily Housing Program (Non-Tax Credit Set-aside). On February 2, 2023, ICD received a Conditional Award for funding for this development.

Phased Timeline:

Project Milestone	Date
Estimated Building Permit Ready	September 15, 2023
Estimated Construction Loan Closing and Notice to Proceed	September 25, 2023
Estimated Construction Completion	February 2024
Estimated Conversion	June 2024

WEBSTER ST HOTEL CONVERSION PROJECT TEAM

Developer/Sponsor: Island City Development

Landowner and Guarantor (Co-Sponsor): Housing Authority of the City of Alameda

Legal Counsel: Downs Pham Kuei

Financing Consultant: Community Economics, Inc.

Property Management Agent: FPI Management, Inc.

Architect: TBD

General Contractor TBD

Title Company: Old Republic Title Company

Accounting and Audit/CPA: Novogradac & Company LLP

Market Analyst: Novogradac

Appraiser: Joe Napoliello, MAI

Service Provider: LifeSTEPS

For more Development Narrative, please see Exhibit A.

SECTION III. QUALIFICATIONS SUBMISSION REQUIREMENTS

Respondents who wish to serve as the Lender should prepare and submit an effective, clear, and concise proposals. E-mail submission must contain "Webster St Hotel Conversion – Const. Debt RFP Proposal by [Respondent's name]" in the subject line. The deadline for delivery and delivery locations are described above.

Corrections or modifications received after the specified proposals submittal date will not be accepted. All proposals, including attachments and supplementary materials will become the

property of the ICD and will not be returned to the Respondents.

Proposals will not be opened publicly. Once the ICD has completed its review of the proposals and a decision has been made on whether to award a Letter of Intent to which company, this information will be recorded and this document will become a public record.

Proposals must include the following minimum information:

A. GENERAL INFORMATION REQUIRED FROM ALL RESPONDENTS

1. Name, address, and telephone number of the principal office from which services and contract will be administered.
2. Name, telephone number, an email address, and position of employee who will be the primary point of contact in coordinating the loan (Respondent's Key Manager).
3. Bear the signature of a principal or officer of the Respondent.
4. Experience and Qualifications:
 - a) Describe your firm's recent experience making or underwriting similar short-term and long-term loans;
 - b) Your firm's experience with other public housing authorities. Please specifically provide your firm's history, if any, with the State of California Housing and Community Development Department in transactions with or without tax credits.
 - c) Identify the legal counsel you will use for the transaction and reference specific transactions that legal counsel has worked on.
5. Include a statement discussing the following:
 - a) Period for how long the Respondent would hold terms.
 - b) Anything else that the Selection Committee should be aware of.
6. Fully executed Non-Collusion Affidavit (Exhibit I).
7. References (Exhibit J) - List at least five clients for whom your firm has recently provided loans, preferably a loan bridging State HCD funds. Provide contact information including name, title, affiliation, phone number, email address and the name of the transaction.. Include any local public housing authority and/or California references.

B. CONTENT OF QUALIFICATIONS TO SERVE AS LENDER

1. Financing Structure: Submit a draft term sheet for the construction to permanent loan, or construction loan, or permanent loan. Term sheet should include the following information:
 - a) Rate index and spread
 - b) Interest rate cushion to expect for the interest reserve
 - c) Drawdown schedule or fully funded at closing
 - d) Proposed Fee Schedule & Costs (Exhibit N)
 - e) LTV or LTC requirements, as needed
 - f) Extension options – both a 3 month and 6 month options are preferred
 - g) Reimbursable expenses, may be included above
 - h) A description of the underwriting and due diligence process, including approximate amount of time needed to complete the financing and key approvals required

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- i) Draw Process Explanation, including lien waiver documentation, draw schedule workbook template, and construction monitoring protocol
- j) Guarantee Requirements
- k) Reporting requirements during construction
- l) Insurance Requirements
- m) Banking relationship requirements, if applicable
Any other disclosures

SECTION IV. SELECTION PROCESS

ICD RESERVATION OF RIGHTS AND DEBARMENT

ICD reserves the right to reject any or all proposals, to waive informalities and irregularities in the RFP process, or to terminate the RFP process at any time, if deemed to be in the best interests of ICD. ICD reserves the right not to award a contract pursuant to this RFP.

Any firm submitting proposals that is presently debarred, suspended, in the process of debarment, declared ineligible, or voluntarily excluded from participation in transactions by any federal or state department or agency is automatically excluded from participating in this process and the company's qualifications will be rejected.

EVALUATION

Each proposal received will be evaluated and a determination will be made if it meets the minimum requirements. Failure to meet these requirements will be a cause for eliminating the proposal from further consideration. Evaluation of the proposals will be made by a review panel appointed by the Director of Housing Development.

EVALUATION CRITERIA: The following criteria will be utilized to evaluate each submission:

MAX POINT VALUE	CRITERION DESCRIPTION
20 points	Overall Clarity and Completeness of Response
40 points	Experience and Qualifications
40 points	Fees, Costs, and Terms

During the evaluation process, ICD may require a representative of the firm/agency submitting the proposal to answer specific questions orally and/or in writing. Proposals received late will not be opened or given any consideration for the proposed services unless doing so is deemed to be in the best interest of ICD as determined in the sole discretion of ICD.

ICD intends to retain the successful respondent(s) pursuant to a "Best Value" basis, not a "Low Costs" basis. Best Value in that ICD will consider other factors described above in making the award decision.

ICD will be the sole and exclusive judge of quality and compliance with proposal requirements. The ICD reserves the right to award one or more contracts in any manner it deems to be in the

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best interest of the ICD and make the selection(s) based on its sole discretion, notwithstanding the criteria set forth herein, including negotiating with one or more of the respondents.

This RFP is a solicitation and not an offer to contract. ICD reserves the right to issue clarifications and other directives concerning this RFP, to require clarification or further information with respect to any qualifications received, and to determine the final scope and terms of any contract for services, and whether to enter any contract.

SECTION V. TERMS AND CONDITIONS

Withdrawal of RFP:

Proposals may be withdrawn before and after the RFP submittal deadline by submitting a written request to the Contact Person. Re-submittal before the RFP submittal deadline can be made; however, proposals may not be re-submitted after the deadline.

RFP Costs:

All costs incurred in the preparation and submittal of the RFP shall be completely borne by the responding party to the RFP. In no event will ICD be liable for any cost whatsoever for the preparation or submittal of a response to this RFP. All documents submitted as part of the RFP will become property of ICD. Requests for specific material to be returned will be considered. Any proprietary information submitted in response to this RFP must be clearly marked on each page and will be handled in accordance with applicable federal and state laws. Respondents should assume that all portions of a response other than proprietary information will be public records.

Contract Term:

ICD will initially be proposing to complete due diligence and close construction financing in September 2023. Construction is expected to commence in October 2023 and complete construction within four and half (4.5) months. Lease up is scheduled to begin in October 2023 and the development will be occupied renovation with full onsite staffing.

Housing Authority Contacts:

The designated individual responsible for coordination of the RFP is Sylvia Martinez, Director of Housing Development. Any technical questions relating to this RFP should be directed to Sylvia Martinez, Director of Housing Development via email at smartinez@alamedahsg.org. Ms. Martinez will be responsible for administering the contract after the award is made.

Authorization to Distribute:

<small>DocuSigned by:</small>	<i>Vanessa Cooper</i>	3/2/2023
Vanessa M. Cooper, President of Island City Development		Date

EXHIBITS

EXHIBIT A: DEVELOPMENT DESCRIPTION

EXHIBIT B: OWNERSHIP STRUCTURE & ORGANIZATIONAL CHARTS

EXHIBIT C: FINANCING PLAN & FINANCIAL PROFORMAS

EXHIBIT D: LEASE OPTION & SAMPLE GROUND LEASE

EXHIBIT E: MARKET STUDY

EXHIBIT F: ARCHITECTURAL DRAWINGS

EXHIBIT G: CAPITAL NEEDS ASSESSMENT

EXHIBIT H: PHASE I REPORT

EXHIBIT I: OPERATING BUDGET

EXHIBIT J: NON-COLLUSION DECLARATION

EXHIBIT K: REFERENCES FORM

EXHIBIT L: PROPOSED FEE SCHEDULE

EXHIBIT M: ICD QUALIFICATIONS

EXHIBIT N: AHA AUDIT

EXHIBIT O: ICD & ENTITY AUDITS

EXHIBIT P: REO SCHEDULE