



King County

Department of Community and Human Services
Community Services Division
Housing Finance Program

Affordable Modular Housing at Shoreline 198th Site: Analysis, Financing, and Construction

Request for Qualifications

I. Background and Overview

King County faces an unprecedented affordable housing crisis. Rents continue to rise dramatically throughout the County, with increases especially pronounced in inner ring cities such as Bellevue, Redmond, Renton, and Shoreline. From 2005 to 2015, average rents increased by a total of 26% in Shoreline, impacting middle income working families. For households living at the margin of poverty, rising rents can and do push them into homelessness. In North King County, the 2016 homeless point in time count found a 181% increase in unsheltered people experiencing homelessness. Overall, 2017 found a 22% increase in the total number of unsheltered people experiencing homelessness. Facilitating the development of quality affordable housing that can be developed at lower cost, greater speed, or both, is one possible solution for the critical housing shortage in our communities.

King County, through the Housing Finance Program (HFP) in the Community Services Division (CSD) of the Department of Community and Human Services (DCHS), is interested in piloting modular design and construction to demonstrate the feasibility of that construction type in affordable housing. King County is also prioritizing “system-connected” housing with support services for individuals or households with a member exiting homelessness, incarceration, hospitalization, or institutionalization. In recognition of the housing crisis in our region, the City of Shoreline approved a plan in March 2017 to partner with King County to make surplus property at N.198th Street and Aurora Avenue North available for affordable housing development. This Request for Qualifications (RFQ) is a joint solicitation to select a qualified team to develop a system-connected affordable housing project at the N. 198th Street site, using modular construction methods if feasible, in two possible phases.

II. Request for Qualifications and Scope of Work in Two Phases

King County and the City of Shoreline are seeking the most qualified team consisting of a project sponsor, affordable housing developer, modular housing builder, architect, and general contractor, to provide technical services in analyzing the feasibility of an affordable housing project to be delivered using modular construction methods at the 198th Street site. If a modular construction affordable

housing project is feasible and the County and Shoreline choose to proceed, the team would build the project in a subsequent phase.

For the first phase of work, the selected team will be expected to assist the County and Shoreline in understanding the technical, financial, land use, and other policy issues in delivering multi-family affordable housing through modular construction. At the end of Phase I, the selected team will deliver an affordable housing proposal, which the County and City of Shoreline will decide jointly whether to accept. The County and Shoreline may then choose to extend the contract into a second phase of work, in which the selected team gains site control and assembles financing in order to develop a multi-family affordable housing project. For the affordable housing development, the County expects to contribute capital funding as part of the final financing package, up to a range of \$2 to \$4.5 million. The City of Shoreline expects to transfer site control in the form of a 99-year ground lease at nominal cost to the affordable housing provider. The anticipated construction start is in 2019, with a construction period of ideally 12 or fewer months if using modular methods.

III. Housing Model and Modular Construction

Respondents to this RFQ are encouraged to review the site characteristics and community context to submit models that address the range of affordable housing needs. While Shoreline and King County HFP are not limiting this RFQ to housing models that serve a specific population or a target income level, the County will prioritize system-connected housing that provide units and services to individuals/households with a member exiting incarceration, hospitalization and/or institutionalization. Housing models that serve households with a range of incomes earning up to 60% AMI, including but not limited to housing models that provide permanent supportive housing for homeless households, affordable housing with support services, or workforce housing models, are also eligible.

For housing that serve homeless or otherwise vulnerable individuals/households, a viable plan for supportive services at the project would be required for the County and City of Shoreline's evaluation. Proposals serving these populations will be evaluated in coordination with DCHS's Homeless Housing Program and the Behavioral Health and Recovery Division to assess the level of services and funding required to provide such services. For proposals creating system-connected housing for individuals/households with a member exiting incarceration, hospitalization and/or institutionalization, and based on funding need, DCHS may make available operating, rental and/or services funding in an amount up to \$100,000 per year for five years.

Modular Construction

In the context of this RFQ, modular construction method is defined as a multi-family housing project delivery method where units are built/manufactured off-site and then transported to and assembled on-site.

This RFQ is seeking an experienced affordable housing project team that includes a qualified modular housing manufacturer. The County intends to use this potential project to demonstrate time and/or cost savings of modular construction in affordable housing, if any. Compared to 'stick-built' or panelized construction, the County's expectation is that units are fabricated in a controlled setting off-site; the units are then transported, assembled, and affixed permanently to a foundation on-site.

Typical of projects that receive support from King County HFP, this project must comply with residential prevailing wage rates for construction work on-site.

The modular units must be inspected and approved by the Washington State Department of Labor and Industries (L&I), must meet all City of Shoreline fire, building, and land use code requirements, and must obtain all necessary insignias from L&I and permits from the City of Shoreline. Code requirements may include (and are not limited to) the following:

- Foundations and all site work
- Buildings, structures, stairways, ramps, decks
- Plumbing, mechanical, and electrical systems
- Circulation and egress
- Drainage design
- Sprinkler systems and other fire-safety systems
- Accessibility requirements
- Energy code

In addition, the project must comply with the Evergreen Sustainable Development Standards (ESDS). More information about ESDS may be found here:

<http://www.commerce.wa.gov/building-infrastructure/housing/housing-trust-fund/housing-trust-fund-evergreen-sustainable-development/>

For more information on L&I approvals on modular structures, visit their web site:

<http://www.lni.wa.gov/TradesLicensing/FAS/OtherMobileStructures/default.asp>

IV. Site Details and Funding Available

The City of Shoreline currently owns three parcels of property (Tax Parcels #222730-0025, 222730-0030, 222730-0036) with a total area of 34,360 square feet at the northeast corner of Aurora Ave N. and N. 198th Street. The three parcels together are known as the 198th Property.

- All three parcels are vacant and full remediation of known environmental hazards is complete.
- The property is at three topographic levels with the western one-third being at the same grade as Aurora, then a middle shelf approximately 20 feet below, and a third shelf 10 feet below that. While the grade change limits the site's value for retail, it can be a benefit for multifamily or office development as it allows for parking to tuck under the building.
- The front two parcels are zoned Mixed Business, the City's broadest zoning district, while the eastern parcel is zoned R-48, high-density residential. This split-zoning accommodates a multifamily development. Staff estimates that at least 65 multifamily units could be built on site.
- Shoreline staff estimates that the 198th Property has a market value of approximately \$2.0 million.
- The two parcels along Aurora were purchased as part of the Aurora Corridor project's third mile for approximately \$1.5 million using federal and WSDOT funds. The third parcel was purchased for \$225,000, and the appraisal, closing costs, environmental remediation, utilities, and demolition of the house added approximately \$90,000 for a total outlay from the general fund of approximately \$315,000.

- The City plans to make the property available for affordable housing redevelopment through a long-term 99-year ground lease for a nominal payment of \$1 per year.

The following due diligence documents are available for download at this site: <http://www.shorelinewa.gov/198th>

- Phase I and Phase II Environmental Site Assessment
 - UST Site Assessment
 - NFA Memo
 - Historical Overview and Reconnaissance Memorandum
 - UST Closure and Site Assessment Notice
 - Asbestos and Lead-Containing Paint Survey
 - Demolition Site Plan
- Post-remediation documentation
 - Asbestos Abatement
 - Dept. of Ecology No Further Action Clean Up Site Details
- Soil Studies
 - Soil Sample Data
 - Soil Sample Analytical Results
- Site Survey
 - RMA Feasibility Study 2016
 - Site Assessment Summary of Results
- Signed Settlement Documents

Other information about the site can be accessed via the following links:

- <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport030617-8a.pdf>
- <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/Council/Minutes/2017/030617.htm>

Shoreline building codes and other planning documents are available at this web site:

<http://www.shorelinewa.gov/government/departments/planning-community-development>

Respondents are expected to conduct further research into requirements under zoning, the Development Code, Building Codes, and other Shoreline-specific affordable housing waiver or exemption programs, to maximize the development potential of the site.

The modular units must be inspected and approved by the Washington State Department of Labor and Industries (L&I) (or similar entities in other States in the region that offer such inspection reciprocity, subject to County and Shoreline approval), must meet all City of Shoreline fire, building, and Development Code requirements, and must obtain all necessary insignias from L&I and permits from the City of Shoreline.

Funding Available for Project Completion

For a project where a majority of the units are system-connected, King County will provide up to \$4.5 million in support of the eventual housing development on the site. For other housing models, the County intends to provide up to \$2 million in capital funds. Because the City and the County are open

to a range of housing model proposals at the site, the final funding sources and their corresponding affordability and regulatory requirements remain to be determined, pending the selection of a development team and the eventual housing model. However, generally, the County's support is expected to be in the form of a loan with a term of 50 years. As is typical of HFP-funded projects, interest rates and other terms of the loan are determined by the population and affordability levels of the project.

For funds that are dedicated to Extremely Low-Income and Homeless housing, priority is given to projects where a majority of units are set aside for households experiencing homelessness and provide the appropriate level of supportive services to address special needs. For the Transit-Oriented Development Bond funds, a preference will be given to projects serving lower income households earning 30%-60% AMI. As stated above, the County is prioritizing models that will provide "system-connected" housing that serve vulnerable populations exiting incarceration, hospitalization, or institutionalization, who do not qualify as homeless under the HUD definition.

Projects must comply with the King County Housing Finance Program Guidelines as applicable. The HFP Guidelines are available here:

https://www.kingcounty.gov/~media/depts/community-human-services/housing/documents/housing-finance/HFP_Guidelines_2017_HOMEBUYER_Updates-Final.ashx?la=en

V. Timing and Process

HFP and Shoreline staff will jointly review proposals and make a common recommendation to select a development team for the site by June 2018 to perform a first phase of work. During Phase I, the selected team will work with the City of Shoreline and the County to identify policy and procedural issues to delivering an affordable housing project using the modular construction method, and devise possible solutions to those issues. In addition, the selected team will perform a modular project feasibility analysis and if feasible, deliver an affordable housing proposal. The County and Shoreline will then determine next steps, including whether to proceed with the project with the selected development team in the next phase of work, or if a new request for proposal would be issued for an affordable housing project on the site.

Transfer of site control and pre-development work are expected to take place in 2018; the transfer of site control will go through a Shoreline City Council disposition process. If the County and Shoreline proceeds with the second phase of work, the development team is expected to assemble the complete financing package in the fall of 2018. For the capital funding award that is offered in the second phase of work, King County HFP anticipates executing the contract and all related loan documents and beginning loan funds disbursements in 2019, when the project is expected to start construction.

VI. Evaluation Criteria

The City and County will evaluate qualification of the development team with emphasis on the following factors:

- (30%) How the housing model proposed meets King County’s policy goals to create “system-connected” housing with supportive services for individuals/households with a member exiting incarceration, hospitalization, or institutionalization. A majority of the units in the building must be system-connected to be considered a system-connected housing project.
- (30%) Ability, experience, and organizational capacity of the
 - Project sponsor to own and operate affordable housing for a term of no less than 50 years
 - Affordable housing developer to manage and deliver successful development of affordable housing
 - Architect to work with project sponsors, developers, general contractors, and modular housing producer to design and deliver projects using a modular construction method
 - General contractor to work with project sponsors, developers, architect, and modular housing producer to manage site work and to assemble modular housing units into a permanent foundation
 - Modular housing manufacturer to deliver quality modular housing units that can be assembled into a multi-family affordable housing project
- (30%) Demonstrated strength of partnership between the sponsor, the affordable housing developer, the architect, the modular unit manufacturer, and the general contractor, as evidenced by a proposed Memorandum of Agreement or other partnership contract
- (10%) Completeness and timeliness of the application submission.

VII. Schedule

This RFQ will adhere to the following timeline:

March 5, 2018	RFQ published and application made available on ZoomGrants
March 12, 2018 1:30 PM	Pre-submittal conference
March 26, 2018	Application questions due in ZoomGrants Activity Log
April 23, 2018 12 Noon	Applications due in ZoomGrants
Week of May 7, 2018	Applicant interviews
by June 2018	Selection of team announced

VIII. Application and Submission Requirements

The submission deadline is April 23, 2018 at 12 Noon.

In addition to answering all of the Application Questions in ZoomGrants, respondents should submit an application consisting of the following elements, uploaded through ZoomGrants Documents section:

1. Cover Letter
2. An unlocked Excel workbook consisting of
 - 1) Pre-Development budget, including any expenditure that deviates from typical stick-built affordable housing projects;
 - 2) Project schedule, showing project milestones on a timeline from pre-development, through design and financing, and construction and lease-up;
 - 3) Estimated Project Development budget, showing capital sources and uses;
 - 4) Estimated Project Operating and Services budget, showing proposed services and operating sources and uses;
 - 5) Proposed fee schedule, showing the proposed fee for each member of the team through each phase, from pre-development through end of Phase I, when the full affordable housing proposal is delivered to the County and Shoreline.

Note: The full “combined funders application” budgets typical for affordable housing projects are not required for this RFQ response; you may submit budgets in your team’s working format. However, please make sure that submitted budgets are annotated to the extent that they can be easily understood by the County and Shoreline evaluators.

3. 1) Photographs or rendering of the sample modular units, and 2) conceptual sketch(es) showing the units assembled on the site
4. 1) Résumés of firms and individual team leads to demonstrate team qualifications, and 2) Narrative describing any past successful collaboration between the firms
5. Draft contract or memorandum of agreement developed and approved in form by the full team that at a minimum addresses the following:
 - a. How contractual obligations and liabilities are shared or determined
 - b. The team’s decision-making process and how conflicts might be resolved