



City of Culver City

Staff Report Details (With Text)

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On agenda: 3/18/2020 **Final action:**
Title: CC - Approval of a Professional Services Agreement with Economic and Planning Systems, Inc. for Preparation of an Affordable Housing Linkage Fee Nexus Study and to Conduct Related Community Outreach in an Amount Not-to-Exceed \$64,210.

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
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CC - Approval of a Professional Services Agreement with Economic and Planning Systems, Inc. for Preparation of an Affordable Housing Linkage Fee Nexus Study and to Conduct Related Community Outreach in an Amount Not-to-Exceed \$64,210.

Meeting Date: March 18, 2020

Contact Person/Dept: Todd Tipton/CDD
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Fiscal Impact: Yes No **General Fund:** Yes No

Public Hearing: **Action Item:** **Attachments:** Yes No

Commission Action Required: Yes No

Public Notification: (E-Mail) Meetings and Agendas - City Council (03/11/20, 3/16/20); Housing Committee on Homelessness (03/11/20, 3/16/20); Landlord Tenant Mediation Board (3/11/20, 3/16/20)

Department Approval: Sol Blumenfeld, Community Development Director (03/06/20)

RECOMMENDATION

Staff recommends the City Council approve an agreement with Economic and Planning Systems Inc. (EPS) for preparation of an Affordable Housing Linkage Fee Nexus Study (Nexus Study) and conduct related community outreach in an amount not-to-exceed \$64,210.

BACKGROUND

The City Council has expressed interest in examining alternatives for incentivizing the production of low, moderate and workforce housing in the City to address the problem of housing affordability.

Until 2012, affordable housing in the City had largely been produced by the former Culver City Redevelopment Agency. Since that time, the City has been using funds from an Educational Revenue Augmentation Funds (ERAF) loan to operate affordable housing programs. The funds are anticipated to be depleted over the next several years so other methods of funding affordable housing must be identified.

One method to address the funding shortfall is through the creation of an Affordable Housing Linkage Fee (Fee) applied to commercial development. Staff does not recommend applying the Fee to market rate residential development¹ particularly if other measures such as inclusionary affordable housing are enacted, as it could burden the financial feasibility of residential projects and result in an overall reduction in housing production.

On September 23, 2019, the City Council authorized issuance of a Request for Proposals (RFP) to identify a firm to prepare a Nexus Study and conduct related community outreach.

On October 10, 2019, the RFP was issued in accordance with City specifications.

On November 14, 2019, the City received three proposals from the following firms:

Vendor	Location
EPS	Los Angeles, CA
BAE Economics	Los Angeles, CA
Keyser Marston Associates	Los Angeles, CA

DISCUSSION

The RFP Scope of Work required respondents to prepare a Nexus Study and perform community outreach. The Nexus Study will be used to determine a Fee that mitigates the impact of a given development on the overall need for affordable housing in Culver City. The Nexus Study will likely result in a Fee that is so high (due to the cost and limited supply of affordable housing in Culver City)

it will make development projects financially infeasible. To identify an appropriate Fee (one that does not make development projects financially infeasible) the Scope of Work requires respondents to:

- Compare the City's development fees to those charged by surrounding communities in order to understand if the City is currently charging too much or too little; and
- Apply the recommend Fee to four hypothetical projects via pro forma to confirm the projects remain financially feasible after the Fee is applied.

Staff evaluated the respondents and determined all had experience and expertise preparing a Nexus Study and performing community outreach. Staff is recommending approval of an agreement with EPS to undertake the project due to their project cost, the depth and abilities of their staff, their response to the RFP, their ability to complete the work within the City's timeline, their references and their experience with similar projects. EPS has performed Nexus Studies for the Cities of Walnut Creek and Mountain View among others.

Staff found EPS proposal compelling because it:

1. Focuses on the core RFP elements;
2. Is consistent with the proposed project budget and schedule;
3. Is strategically focused and tailored to achieve the City's affordable housing goals/objectives; and
4. Assigns staff that have the necessary communication skills.

If the City Council approves entering into an agreement with EPS, staff will begin the process to negotiate a final agreement. Staff requests authority to make minor and insubstantial modifications to the proposal price as deemed appropriate during the negotiation process, and approved by the City Manager, provided that any additional contract process does not increase more than the City Manager's contract authority.

FISCAL ANALYSIS

The cost to prepare an Affordable Housing Linkage Fee Nexus Study and conduct related community outreach is \$64,210. Sufficient funds have been appropriated in the Housing Division's Fiscal Year 2019/2020 budget, as included in 47650710.618100, to cover the cost of this agreement.

ATTACHMENTS

None.

MOTION

That the City Council:

1. Approve a professional services agreement with Environmental and Planning Systems Inc., for preparation of an Affordable Housing Linkage Fee Nexus Study and conduct related community outreach in an amount not-to-exceed \$64,210; and,

2. If City Council approves the agreement with Environmental and Planning Systems, Inc., authorize staff to negotiate the final terms of the agreement, as approved by the City Manager, provided the final contract price does not increase more than the City Manager's contract authority; and,
3. Authorize the City Attorney to review/prepare the necessary documents; and,
4. Authorize the City Manager to execute such documents on behalf of the City.

NOTES:

¹ Residential linkage fees can either be a set price for each new home or can be calculated based on the square footage of the new home. On the lower end, Mountain View, California charges new residential development \$10 a square foot, while Santa Monica, California charges approximately \$28 a square foot.

Santa Monica's applies to multifamily projects with two or more units (apartments or condominiums) and is now:

Affordable Housing Fee:

\$36.49 / square foot for apartments (effective 11/01/19; updated annually)

\$42.62 / square foot for condominiums (effective 11/01/19; updated annually)

Fee is due prior to completion of project, but not before building permit issuance, and the amount of fee due is based on fee amount in effect at time of payment. Fee is subject to change by City Council resolution. Fee has been established by resolution pursuant to Santa Monica Municipal Code Section 9.64.070.