



Date: June 20, 2001
To: Inter-Regional Partnership Members
From: Staff
RE: Draft Jobs/Housing Opportunity Zone RFP

Background

At the April IRP meeting, staff presented a draft Jobs/Housing Opportunity Zone Request for Proposals (RFP) that included the legislated criteria, supported the goals of the IRP, and formalized the selection of Jobs/Housing Opportunity Zones. In response to the presentation, the IRP directed staff to make minor changes to the RFP. The IRP also asked staff to meet with both private and public economic development practitioners in the IRP region to solicit feedback on the RFP.

In addition to review by the economic development “group”, staff recommends that both private and non-profit housing developers have an opportunity to review and comment on the draft RFP. It is requested that the IRP support staff’s efforts to coordinate those meetings. Staff anticipates presenting comments on the RFP from housing practitioners at the following IRP meeting.

This report presents the changes to the RFP, as requested by the IRP and the economic development group. Information regarding changes to the Incentive Program is also presented in addition to more detailed information on a recommended process for evaluating responses to the RFP.

Discussion

Jobs-Housing Opportunity Zone Request for Proposals Changes

The Job/Housing Opportunity Zone Request for Proposals has been modified to reflect changes requested by both the IRP and the economic development group. Those changes are listed below, by sections of the RFP. (See Attachment 1 of this report for complete list of comments.)

I. General Program Information – A sentence was added to address the economic development group’s concern about expected timelines. Considering the State’s expectation of measurable results at the end of the 3-year pilot program, staff recommends that all proposed development projects be scheduled for completion within a 5-year time frame.

Language was also added to the Incentive Program section to make it clear that legislative change would be sought by the IRP, if necessary, to ensure the appropriate incentives are made available to the Jobs/Housing Opportunity Zones; for example in the case of tax-increment financing or enterprise zone designations (if those incentives are identified by successful proposers). The section below further discusses this issue.

II. Proposal Process - The proposal deadline has been changed from September 7th to October 15th. Proposals will be reviewed from October 16th through November 2001.

III. Eligible Proposers – Language was added to make clear that respondents to the RFP can include only cities or counties. Other entities may partner with a proposing city or county, but cannot be an independent respondent.

IV. Eligible Zone Sites – The issue of Jobs/Housing Opportunity Zones being contiguous is clarified under Criteria 1. In addition, the term “vacant” was underlined and included in Attachment 1 of the RFP as a defined term.

V. Local Incentive Requirements – A sample local incentives was removed, for it was deemed impractical or unlikely to be a part of a local incentives package. In addition, fast track permitting was added as a sample local incentive per the economic development group’s request. Also, the subcategorizing of incentives into “economic” and “housing” was eliminated.

VI. Proposal Contents – To clearly demonstrate which sections would be evaluated and assigned points, each section with a point’s allocation was noted. Language was added under items 4a and 4b to request GIS maps, if available. In addition to other minor language modifications, timeline information will be requested for the proposed development projects in the Jobs/Housing Opportunity Zone and any planned transit and infrastructure improvements to ensure that projects are scheduled for completion in five years.

VII. Proposal Evaluation Criteria – The total points was increased from 70 to 100. More emphasis has been placed on jobs/housing impact (increased from 10 to 40 points) and the proposed development project. Total points indicated for each section are also included in section VI.

VIII. Solicitation Disclaimer – Minor language changes made.

IX. Questions – No changes made.

Attachment 1 – Vacant Land was included as a defined term. The term “sub-region” was replaced with “county.” The term “surplus of housing” was expanded to include the mismatch of existing jobs with the skills of employed residents.

Attachment 2 – Staff suggests removing Attachment 2, Sample of Economic and Housing Incentives (Fiscal & Non-fiscal) as it seemed to be more confusing than helpful to potential applicants.

Economic/Housing Incentives Program

As concluded by the economic development consultant, Jim King, a comprehensive set of incentives provides the IRP with the flexibility to ensure that the incentives accurately match the development needs of the Jobs/Housing Opportunity Zones. Therefore, the draft RFP includes a description of an incentive program that allows for a comprehensive set of both fiscal and non-fiscal incentives to be identified and then made available to Jobs/Housing Opportunity Zone proposers after the Zones are designated. In other words, as described in the draft RFP, a list of specific incentives will not be developed until after the proposals have been evaluated and the Zones are selected, thereby allowing staff to meet with jurisdictions (and partnering developers) to determine the exact incentives needed.

The economic development group has proposed that if zone applicants seek incentives that require legislative change, e.g. tax increment financing (following the redevelopment model) and enterprise zone status, then legislative advocacy would need to occur immediately. The issue this poses is that seeking legislative change now would require the IRP to commit to specific

incentives. An option may be to have legislation sponsored that was left fairly broad, with specific details to be supplied after the Zones have been selected and meetings with jurisdictions have been held.

Proposal Evaluation Process

Staff Role

As part of the proposal evaluation process, staff from each Council of Governments can 1) evaluate and rank applications associated with their county/counties based upon the requirements set forth in the application; 2) evaluate and provide staff analysis (and not rank) proposals based upon the requirements set forth in the application; or 3) evaluate all proposals for completeness only.

Evaluation Committee

Staff recommends that the Evaluation Committee, a subcommittee of the IRP, receive all applications for review and evaluation. Staff would present either a ranking, an analysis, and/or basic completeness information to the Evaluation Committee. The Evaluation Committee would be responsible for developing a shortlist of finalists that would then be brought before the entire IRP for discussion and final approval.

Evaluation Tools

Staff proposes two tools for evaluating the proposals, the integrated GIS and the Evaluation Scoring Sheet.

- The State requires the IRP to utilize GIS in the jobs/housing opportunity site evaluation and selection process. GIS data would be used to determine whether or not the proposed site meets the legislated criteria and the requirements as described in the RFP. For example, existing land use data, general plan, flood plains, slopes and contamination data all would be utilized to determine whether the proposed zone's characteristics meet the criteria.

- Staff recommends the use of an Evaluation Scoring Sheet (see Attachment 2) in the evaluation process. Staff has assigned "points" to the key elements of the RFP. It is recommended that the Evaluation Committee, according to the requirements listed in the RFP, allocate points to individual proposals. In addition, the Scoring Sheet would be used to summarize the results of the GIS analysis. The last page of the Scoring Sheet demonstrates how the GIS analyses would be summarized.

Requested Action

Staff requests that the IRP take the following actions:

- Authorize staff to move forward with coordination of housing group to comment on the draft RFP.
- Accept staff recommendations to extend RFP release date to September 1, 2001 to accommodate time for housing community's input and comments on the draft RFP.
- Accept changes to draft RFP as summarized in this report and detailed in the attached draft RFP.
- Accept changes to Incentives Program:
 - Consider adopting specific incentives, e.g. tax increment financing and enterprise zone status. Incentives would be identified now, rather than waiting until the end of the RFP process.
 - Direct staff to pursue legislation for specific incentives OR place-holder legislation if specific incentives are not identified by IRP.
- Evaluation Process

- Discuss and decide on staff role in evaluation process.
- Approve the concept of and role of Evaluation Committee
- Adopt both GIS analysis and Evaluation Scoring Sheet as presented in this report and demonstrated in Attachment 2 of this report.
- IRP review and comment on the Jobs/Housing Opportunity Zone Request for Proposals modifications, including the proposed changes to the Incentives Program as demonstrated in Attachment 1. Staff also requests that the IRP adopt the evaluation process and scoring methodology as described above and depicted in Attachment 2.

Attachment 1

Economic Development Comments on the Inter-Regional Partnership's Jobs/Housing Opportunity Zone Request for Proposal (RFP)

Alameda, Contra Costa, and San Joaquin County Comments

In the development of the RFP, the economic development representatives within the IRP region recently had the opportunity to discuss the proposal process, content and evaluation criteria. It is our understanding that each County will have two jobs/housing opportunity zone designations to address the relevant jobs/housing imbalance. Our goal in this process is to seek the tools that will make the economic development opportunity zones viable and unique in a manner that will truly attract and stimulate appropriate job development investment. In this communication we have attempted to summarize our comments, questions and observations to assist you in finalizing the RFP.

General Questions/Comments:

1. What role will the Council of Governments play in the selection and designation of zones? Will an individual Council of Government have a direct role in ranking or prioritizing multiple applications within their area of jurisdiction? The alternative, as we were informed is that a sub-committee of the IRP Board will act to rate the criteria and establish a ranking by County, with the final designation being made by the full IRP Board. If the latter is the case, this should be made clear in the RFP to assure integrity in the outcome both as a matter of perception and in real terms.
2. There is no specific time defined for performance in terms of such activities as: entitlement completion, project financing, infrastructure initiation and/or completion offsite or onsite, initiation of building, occupancy and hiring. What is the expected outcome and when should it be achieved? There needs to be some definition provided for expected outcomes that provide for a reasonable approach for judging third party approvals and changing economies.

RFP Comments:

Section III. Eligible Proposers

The RFP states:

“Proposers for a jobs/housing opportunity zone **cannot** include:

- An individual property developer
- An individual non-profit entity”

There needs to be clarity in what the intent is in this statement. It is our understanding that the intent of this statement is to exclude a private developer or non-profit entity from being the sole applicant. This would mean that a City or County could partner with an individual private developer or non-profit entity in an application. We suggest Section III read as follows:

“Proposers shall include:

- Two or more cities and/or counties working in collaboration
- One or more cities and/or counties working in collaboration with a private developer, a quasi-public organization, a non-profit entity or a public agencies
- All proposals will require a City or County applicant”

Section V. Local Incentives Requirement

Comment 1:

Two potentially important incentives listed in the RFP would require legislative action to authorize their application to these zones, they are:

- Local Financing Redevelopment Agency
- California Enterprise Zone Designation

To utilize these incentives, specific legislative amendments would be required to allow the application and/or designation of the opportunity zones to take advantage of these two statutes. In practical terms, these existing statutes will have significant benefit to the zones and truly would create unique and real incentives for private sector investment.

The importance of timing for these two issues is critical to the application process as well as the ultimate success of the opportunity zones. To achieve any change in 2002 requires the initiation of a legislative strategy now with introductions of legislation in the first quarter of 2002. In the instance of both Redevelopment Authority and Enterprise Zones such unique and limited applications have been legislatively accomplished for other specific geographic or political jurisdictional areas.

Comment 2:

The local agency, in terms of true local control incentives, has a very limited area of consideration. Therefore, we suggest that the examples listed in the RFP should be those that can more realistically demonstrate high value to the opportunity zones. Currently the examples listed are:

“Economic -

Economic Revitalization Manufacturing Property Tax Rebates
Capital Investment Initiative Payments
Local Financing Redevelopment Agency
Local Revolving Loan Funds”

Our suggestion is:

“Economic -

Building permit and plan check fee reduction
Fast tracking project permitting, 30-45 days based on clear entitlements”

Section VI. Proposal Contents

4. Zone Characteristics

A question arose as to whether or not the 50-500 acres need to be contiguous.. It was stated that the intent is to require properties be contiguous, given the characteristic of the use and its support requirements, i.e. infrastructure and transportation. This should be clearly stated in the RFP.

5. Jobs/Housing Imbalance

Jobs/housing imbalance can mean different things to different communities. The focus in evaluating a project should be how the proposed opportunity zone can improve transportation congestion, air quality and the general quality of life in the region.

VII. Proposal Evaluation Criteria

The project categories for definition should be linked to the content of the proposal section if that is to be the criteria for point determination.

The alternative discussion is to break the points into sub-categories, based on the degree of accomplishment proposed and/or weighting of existing conditions.

i.e., Local Incentives – 10 points

The incentives have to provide a time advantage, cost reduction or avoidance or a direct credit or financial return to the developer.

10 points – maximum utilization of value-added incentives

7 points – moderate utilization of value-added incentives

5 points – minimum utilization of value-added incentives

0 points – no local incentives

Thank you for the opportunity to provide you with our comments. With these issues addressed, the overall approach appears doable. We look forward to working with you and the IRP further on creation of these opportunity zones.

Stanislaus County Comments

Gary Dickson, Executive Director, Stanislaus County COG

Page 1. The statement "The IRP will act as an incentives advocate for all final jobs/housing opportunity zones" is an important reminder that the power and influence of the entire 5-county region will be brought to bear to help ensure that the designated zones receive favorable treatment for securing outside incentives, etc. Just to emphasize this point, I would underline or italicize this sentence.

6d. the sentence which states "Explain how a zone designation can assist proposer in leveraging existing dollars for infrastructure development" implies that outside dollars for infrastructure improvements may flow into the zones once designated. This statement and interpretation clearly reflects the primary concern of StanCOG and our local agencies, which is that we should be able to use the zonal designation to help attract hard outside cash (state or federal) to help complete the necessary on and off site infrastructure improvements. However, this interpretation would seem to be at odds with the very narrow definition of adequate infrastructure which is contained on page 8. **THE PAGE 8 DEFINITION NEEDS TO BE EXPANDED TO NOT DISQUALIFY PROPOSALS WHICH HAVE MADE SIGNIFICANT BUT NOT TOTAL LOCAL/REGIONAL INFRASTRUCTURE COMMITMENTS AND ARE PROPOSING TO USE THE ZONAL DESIGNATION TO SECURE THE BALANCE FROM THE STATE!** Alternately, if you feel that existing law prohibits such an interpretation, you should at a **MINIMUM** acknowledge in this section that a long-term commitment (such as inclusion in a Regional Transportation Plan or Public Facilities Fee program) in no way implies that the local government or region will not seek State funding through the IRP to earlier complete and to expedite the development proposal. This RFP should clearly state that the IRP understands the general need for additional outside infrastructure dollars particularly for the Valley Counties, and should state that the IRP will exercise maximum flexibility in interpreting the "adequate infrastructure" requirement.

That concludes my comments. I look forward to reviewing your rewrite.

Richard Jantz, Deputy CEO, Stanislaus County

Incentives: The RFP need to clarify that the incentives they are referring to are already available and are not new incentive programs. The IRP's help in a jurisdictions maximizing existing incentives is a good strategy, but the job/housing imbalance will require more resources to change. The counties with a surplus of houses are usually not in a very good position to give financial local incentives. What type and level of local incentives are required? The job rich

communities are at an advantage.

Improve job/housing imbalance across the five-county IRP area. What does this mean? The ratio should be for each county and not the five county area. Based on my read, it is possible for several of the five counties to have a surplus of houses and remaining counties to have a surplus of jobs and we end up with a job/housing balance "across the five-county IRP".

For the Valley, a "primary transit line" to a job center, i.e. business park may not be feasible and necessary in the first few years of development. The definition of "adequate transit service" is too restrictive for Stanislaus County - so long as some type of transit service is available this requirement should be considered to be met. Otherwise this requirement may kill any project potential at interchanges along the I-5 corridor in Stanislaus County.

City of Waterford

In general, the RFP needs to address and accommodate areas that do NOT have sufficient resources to fund all of the necessary infrastructure. The document appears to be written by persons that have resources to do things. In the Valley many of us don't have such resources. Therefore, our Jobs/Housing imbalance never gets addressed!

San Joaquin Council of Governments Comments

There is a need for a timeline for implementation of the Opp. Zones. ie., How long do you have to create a zone? When is performance measured?

Define vacant land under IV, Eligible Zone Sites.

5. Existing Jobs\Housing Imbalance. under b. Some jurisdictions don't (technically) have an imbalance, ie. Lathrop, but their residents still commute out of town. Perhaps Jurisdiction should be broadened to county or region.

Experience in Administering Similar Programs. Not relevant.

8a. (now 7a.) Jobs Impact, bullet "a." In SJC, no jurisdictions currently have economic development strategic plans. Can the wording be modified?

Attachment 2
Jobs/Housing Opportunity Zone
RFP Evaluation Scoring Sheet

Applicant: _____

Partner(s): _____

Proposed Zone Acres: _____

Total New Housing Units: _____

Total Square Feet of
 Commercial/Industrial Space: _____

Estimated Development
 Completion Date: _____

Total Evaluation Score: _____

Category	Items to Consider in Scoring Category	Total Allowable Points	Points Allocated
Local Incentives	Consider the local incentives that have been identified for the opportunity zone site. Do time constraints and other pertinent timing issues allow for a 5-year completion time frame?	10	
Local Incentives Comments (Explanation of Assigned Points)			
Zone Characteristics	Total acreage, percent of land that is vacant, underutilized, and zoned for urban use. (If NOT between 50 and 500 acres, project is ineligible.) Does development within the zone conform to current land use and zoning regulations? Consider how the proposed zone location and development within the zone will relate to surrounding urbanized areas. Proximity of the Jobs/Housing Opportunity Zone to surrounding urbanized areas and the population and density of surrounding jurisdiction(s) should be included in the evaluation. Consider constraints/barriers (land use, environmental, fiscal, etc.) that could impede development. Also consider mechanisms identified to overcome the constraints/barriers identified.	15	

Zone Characteristics Comments (Explanation of Assigned Points)			
Existing Jobs/Housing Imbalance	<p>Is the proposed location ideal for a Jobs/Housing Opportunity Zone?</p> <p>Consider the existing jobs/housing imbalance faced in the jurisdiction, or county, where the proposed Jobs/Housing Opportunity Zone is located. How does imbalance impact the jurisdiction, county, and/or region, in terms of transportation, air quality, and quality of life?</p>	10	
Existing Jobs/Housing Imbalance Comments (Explanation of Assigned Points)			
Development Proposal (including infrastructure and transit)	<p>Consider development proposal(s) that is planned for the proposed Jobs/Housing Opportunity Zone, including the timeline for development.</p> <p>Is there existing or planned transit service available in the proposed Jobs/Housing Opportunity Zone, and can the service support proposed development within the Zone? Consider timeline for completion of planned transit expansions and/or proposed new services.</p> <p>How does development within the Jobs/Housing Opportunity Zone relate to, incorporate, or enhance public transportation in the jurisdiction?</p> <p>Consider infrastructure improvements/installations required for development within the proposed Jobs/Housing Opportunity Zone. How will a Jobs/Housing Opportunity Zone designation assist proposer in leveraging existing dollars for infrastructure development? Consider timeline of planned infrastructure improvements.</p> <p>How does the proposed Jobs/Housing Opportunity Zone location and development within the Zone relate to the jurisdiction(s) Capital Improvement Program?</p>	15	

Jobs/Housing Opportunity Zone
RFP Evaluation Scoring Sheet

Development Proposal Comments (Explanation of Assigned Points)			
Jobs/Housing Impact	Consider how development within the proposed Jobs/Housing Opportunity Zone will impact jobs and housing in the jurisdiction or county.	40	
Housing Impact	How does the development within the Jobs/Housing Opportunity Zone address the existing and projected housing needs of the city or county? What is the mix of housing types and affordability planned for the Jobs/Housing Opportunity Zone?		
Housing Impact Comments (Explanation of Assigned Points)			
Jobs Impact	How does the development within the Jobs/Housing Opportunity Zone address the existing and projected employment needs of residents in the jurisdiction? Does the Jobs/Housing Opportunity Zone relate to any existing (or currently being developed) economic development strategic plan? What is the mix of business types that are planned for the Jobs/Housing Opportunity Zone? Are business clusters promoted?		
Jobs Impact Comments (Explanation of Assigned Points)			
Existing Commitments	Consider any existing federal, state or regional fiscal and/or non-fiscal commitments that have been secured (or are in the process of being secured) for the development project(s) proposed for the Jobs/Housing Opportunity Zone.	5	

Existing Commitments Comments (Explanation of Assigned Points)			
Experience with Similar Programs	Evaluate any relevant experience of the proposer in administering or implementing similar programs or development projects that address attracting jobs or housing, or promoting development or redevelopment.	5	
Experience with Similar Programs Comments (Explanation of Assigned Points)			

GIS Analysis		YES	NO
Existing Land Use	Is the majority of the land in the proposed zone underutilized?		
	Is the majority of the land in the proposed zone vacant?		
General Plan	Does the proposed development for the zone conform to the jurisdictions General Plan?		
Flood Plains	Is any portion of the proposed zone within a flood plain?		
Contamination	Does there exist any soil contamination in the proposed zone?		

NOTE:

- **The GIS evaluation list will be expanded**
- **Explanation of answers will be required of each GIS section**