

MEMORANDUM



The
**Long Beach
Housing
Development
Company**

Date: March 17, 2010
To: Board of Directors
The Long Beach Housing Development Company
From: Ellie Tolentino, Vice President *ETolentino*
Subject: Real Estate, Economic and Market Analysis
Consulting Services

RECOMMENDATION

Authorize the President or designee to increase the consulting services contract with Keyser Marston Associates in the amount of \$200,000, for a revised not to exceed amount of \$300,000 through February 2012.

BACKGROUND

On April 15, 2009, the LBHDC Board authorized the President to enter into real estate, economic and market analysis consulting services with three firms at the following contract amounts:

Keyser Marston Associates	\$100,000
Kosmont Companies	\$85,000
Tierra West Advisors	\$85,000

Subsequently, the LBHDC entered into contracts with Keyser Marston Associates (KMA), and with Tierra West Advisors, but not with Kosmont Companies, as they were unable to comply with the City's insurance requirements.

Since KMA has been previously involved in analyzing most of LBHDC's projects, staff has requested KMA to continue or finalize the analyses for the following:

- Burnett Apartments at 2355 Long Beach Blvd.
- Brookfield Homes
- Meta Housing project at Long Beach Blvd. and Anaheim St.
- Palace Hotel
- Habitat Homes
- Ramona Park Senior Apartments
- Courtyard Apartments
- Pacific City Lights

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AGENDA ITEM NO. 6

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For the past twelve months, KMA's services have totaled approximately \$98,500 and are very close to reaching the contract limit. However, additional work needs to be done with regards to the projects listed above.

The requested amount is necessary to provide adequate purchase order capacity to address the costs associated with KMA's services for ongoing and future projects. The proposed contract increase of \$200,000 will be used on an as-needed basis only through February 2012, the term of the contract. This is not a new budget item. Funds for consulting services are included in the current annual budget, as part of project costs.

Staff has expended \$11,100 of the Tierra West Advisors contract on consulting services for a Mental Health Association project on 8th and Atlantic, and will continue to use their services, as needed.

Attachment: April 15, 2009 LBHDC Staff Report

ET:dlh

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MEMORANDUM

Date: April 15, 2009

To: Board of Directors
The Long Beach Housing Development Company

From: Ellie Tolentino, Vice President *ETolentino*

Subject: Real Estate, Economic and Market Analysis
Consulting Services

RECOMMENDATION

Authorize the President or designee to enter into agreements for real estate, economic and market analysis consulting services, for terms of up to 3 years, with the firms of Keyser Marston Associates, Kosmont Companies, and Tierra West Advisors, with contract amounts not to exceed the following:

- Keyser Marston Associates - \$100,000
- Kosmont Companies - \$85,000
- Tierra West Advisors - \$85,000

BACKGROUND

At the LBHDC Board meeting on February 18, 2009, staff recommended that the LBHDC enter into an agreement with Keyser Marston Associates (KMA) for real estate, economic and market analysis consulting services. The Board requested additional information on the selection process and cost of past services and some expressed concern about using the same consultant for these services.

The City's Administrative Regulation No. 8-5 assigns the City's centralized real estate services function to the Property Services Bureau of the Department of Community Development. Among other functions, the Property Services Bureau is responsible for the selection of all consultants hired to provide real estate services, including economic and financial analysis.

In November 2008, the Property Services Bureau released a Request for Qualifications and Fee Proposals (RFQ) for real estate, economic, and market analysis consulting services. Seventeen proposals were received

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AGENDA ITEM NO. 5C

in response to the RFQ. A review panel was formed consisting of staff from the Property Services, Housing Services, and Economic Development Bureaus, who regularly use these services.

The review panel selected nine firms to participate in an oral interview process. A chart identifying and summarizing the qualifications of the nine firms is attached for your information. Interviews were conducted by the review panel on December 15, 16, and 17, 2008. The firms were judged on the following criteria:

- Ability to provide a range of services needed;
- Recent experience in analyzing and negotiating long-term ground leases;
- Experience in analyzing commercial and industrial projects;
- Experience in airport and marina-related projects;
- Experience in analyzing retail, hotel, mixed use, recreation, and residential developments;
- Experience in affordable housing development analysis;
- Knowledge and understanding of public and private sector needs and objectives; and
- Fee schedules.

Following the interviews, the review panel selected five firms to be placed on a list of qualified consultants. The selections were based on the criteria mentioned above as well as their responses to the interview questions. The following five firms were placed on the qualified list and are available to the Housing Services, Property Services, and Economic Development Bureaus:

- Allan D. Kotin and Associates
- CB Richard Ellis Consulting
- Keyser Marston Associates
- Kosmont Companies
- Tierra West Advisors

Over the years, the City and LBHDC have used consultants to help staff analyze housing development proposals, review and/or revise and/or develop new housing programs, prepare and/or provide guidance in preparing reports required by the California Redevelopment Law, federal HOME rules and State funding regulations, among others. From October 1, 2006 thru December 31, 2008, the cost of these services amounted to \$136,709.

Staff recommends Board authorization for the President to enter into separate agreements for 3-year terms with KMA, Kosmont Companies, and Tierra West Advisors for the following reasons:

- KMA completed the initial analysis for LBHDC-approved projects that will require additional financial analysis as they go through the development cycle and as project financing converts from construction to permanent financing. These projects include Family Commons, Meta Housing project at 2355 Long Beach Blvd., The Courtyards, Atlantic Housing, Palace Hotel and the proposed project at Long Beach/Anaheim. It will be more efficient to have KMA update an analysis they previously performed rather than have another consultant prepare a new analysis.
- Both Kosmont Companies and Tierra West Advisors have experience in the affordable housing field, and appear to be qualified to perform the required services. Contracting with both firms will allow staff to try other consultants, and it provides us an opportunity to determine which consultant can best serve our needs.

The requested terms are necessary to provide adequate purchase order capacity to address the costs associated with their services. The proposed total amount of \$270,000 will be used on an as-needed basis only. This is not a new budget item. Funds for consulting services are included in the current annual budget, as part of project costs.

At their meeting on April 7, the ERC reviewed this item and approved staff's recommendation to submit to the full Board for approval.

Attachment

- Request for Qualifications for Real Estate, Economic Market Analysis Consulting Services

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Request for Qualifications for Real Estate, Economic Market Analysis Consulting Services

Five Firms Selected by Panel:

Name of Firm	Experience and Specialties	Experience in Proforma Analysis	Knowledge of Affordable Housing Finance and Regulations	Experience Working in LB	Total Years of Experience	Fees
Allan D. Kolin & Associates	Over 45 years of experience with traditional redevelopment projects, public sector asset management, ground lease arrangements in ports, marinas & university campuses, and specialized public/private sale-leaseback transactions.	Yes	Some experience, but not their specialty or area of interest.	Long Beach Signal Hill Business Center, Queen Mary Site Redevelopment Plan, Disney Sea (never built), Shoreline Marina, Los Altos Center	28	\$90-225 per hour
CB Richard Ellis Consulting	Over 25 years of experience in financial analysis & deal structuring, market analysis, fiscal & economic impact, & formulation of economic/redevelopment strategies; investment management, mortgage banking, appraisal & valuation, and research.	Yes	Their specialty is commercial transactions, and their proposal does not demonstrate adequate affordable housing experience.	None	30	\$100-285 per hour
Keyser Marston Associates	Over 30 years of experience with affordable housing programs and regulations, economic development, real estate advice, redevelopment planning, finance and regulations.	Yes	Leading advisor to Redevelopment and Housing Agencies throughout California and policy advisor to California Redevelopment Association. KMA has a division that specializes in affordable housing finance and regulations for all housing funding sources.	Worked on CityPlace, Long Beach Promenade, Douglas Park, as well as various LBHDC projects	35	\$130-280 per hour
Kosmont Companies	Over 20 years of experience with developer solicitation, & negotiation, real estate economic analysis, highest & best use studies, proforma analysis, property acquisition, & redevelopment planning & implementation strategies.	Yes	Kosmont has some experience with affordable housing, but their experience with commercial projects, economic and reuse analysis is more extensive.	None	22	\$150-275 per hour
Tierra West Advisors	Over 25 years of experience with real estate economic analyses, acquisition, developer negotiations, economic development strategies & project implementation & planning services.	Yes	They have experience with affordable housing and tax credit financing, but seem to be more focus on commercial development and economic development strategies.	None	28	\$105-195 per hour

Request for Qualifications for Real Estate, Economic Market Analysis Consulting Services

Four Firms Not Selected by Panel:

Name of Firm	Experience and Specialties	Experience in Performance Analysis	Knowledge of Affordable Housing Finance and Regulations	Experience Working in EB	Total Years of Experience	Fees
Jones Lang LaSalle	Development advisory, analysis of ownership structures, highest & best use studies, portfolio reviews, feasibility studies, investment structure analysis, economic development, community outreach, private/public partnerships, project management delivery, developer negotiations & management, land acquisition/disposition strategies, analysis of financing structures, tax analysis.	Yes	Their specialty is commercial transactions, and their proposal does not demonstrate adequate affordable housing experience.	I-710 Freeway Preferred Alternative (2003-2005), Community Livability Plan (2006), Master Plan update (2006), Port of LB Clean Air Action Plan & Clean Truck Center (2008), Pier Pass Program at Ports of LB & LA (2005-present), MTA 710 Freeway EIR/EIS Corridor Project (2008-present), Queen Mary financial review (2004)	Not specified	\$90-352 per hour
Rosenow Spevacek Group, Inc. together with The Concord Group	Redevelopment planning, housing, real estate acquisition, government services, real estate economics, financing, & economic development	Yes	RSG has demonstrated experience with affordable housing and redevelopment finance and regulations.	Worked on 3 projects between 2002 & 2004: Economic Strategic Plan, Consultations Merger & Boeing Redevelopment Analysis.	RSG: 29 TCG: 14	\$100-195 per hour
David Taussig & Associates, Inc. together with Sullivan Group Real Estate Advisors, GCI Advisors, Inc. & Urvan Futures, Inc.	Preparation of financing plans & implementation of public finance mechanisms used to fund the construction of public capital facilities & the provision of public services. Fiscal & socioeconomic analysis of land development impacts, project feasibility studies & economic development studies. Compliance administration of low-to-moderate income housing programs (GCI, Inc.).	Yes	None specified.	None	DTA: 24 Sullivan Group: 4 GCI Advisors: 17 UFI: 37	\$95-425 per hour
Economics Research Associates in conjunction with David Paul Rosen & Associates	Analyzing market & financial feasibility of retail & mixed-use developments, undertaking complex real estate financial analysis, providing due diligence review of development plans & project teams, creating economic development & implementation strategies & preparing fiscal/economic impact & tax increment studies for development projects. DRA specializes in financial advisory services for market rate and affordable housing projects.	Yes	David Paul Rosen & Associates has demonstrated experience with affordable housing finance and policy.	Queen Mary, Queensway Bay/Pike Project, The Aquarium of the Pacific, Long Beach Convention & Entertainment Center expansion study, master plan for Rancho Los Cerritos, Five Year Affordable Housing Development Strategy, Housing Element of the General Plan, Housing Trust Fund, formation of the LBHDC, and redevelopment of former Boeing site.	ERA: 50 years; DRA: 29 years	ERA: \$111-250 per hour DRA: \$170-280 per hour