

TRANSMITTAL

To:

THE COUNCIL

Date: 07/17/2015

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



(Ana Guerrero)

ERIC GARCETTI
Mayor

CITY OF LOS ANGELES

CALIFORNIA



RUSHMORE D. CERVANTES
GENERAL MANAGER



ERIC GARCETTI
MAYOR



SELETA J. REYNOLDS
GENERAL MANAGER

July 10, 2015

Council File: 08-2698
Council District: 5
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The Honorable Eric Garcetti
Mayor, City of Los Angeles
200 North Spring Street, Room 303
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

COUNCIL TRANSMITTAL: LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT AND LOS ANGELES DEPARTMENT OF TRANSPORTATION REQUEST FOR AUTHORITY TO EXECUTE A JOINT DEVELOPMENT AGREEMENT WITH MERCY HOUSING CALIFORNIA FOR THE DEVELOPMENT OF AFFORDABLE SENIOR HOUSING AND REPLACEMENT OF CITY-OWNED PARKING LOT NO. 689

SUMMARY

The General Managers of the Los Angeles Housing and Community Investment Department (HCIDLA) and the Los Angeles Department of Transportation (LADOT), request authorization to enter into a Joint Development Agreement (JDA) with Mercy Housing California (MHC) for the development of an affordable senior housing project and replacement of City-owned Parking Lot No. 689 (Lot 689). In October 2008, the Mayor and Council authorized HCIDLA and LADOT to issue a joint Request for Proposals (RFP) for the lease and development of Lot 689, a public metered surface parking lot with 39 spaces to be replaced by affordable housing and replacement public parking (C.F. 08-2698). HCIDLA and LADOT released the RFP, evaluated the responses and recommended the proposal submitted by MHC to the Board of Transportation Commissioners (BTC) on October 1, 2009. The BTC accepted the MHC proposal on November 12, 2009.

In September 2010, the Mayor and Council authorized HCIDLA and LADOT to enter into an Exclusive Right to Negotiate (ERN) with MHC to negotiate the terms of the proposed JDA and allow MHC to conduct site due diligence. HCIDLA and LADOT entered into an ERN with MHC on August 4, 2014. The term of the ERN expired on February 4, 2015, and then was extended for 90 days as allowed by the ERN, consequently HCIDLA and LADOT are requesting the extension of the ERN for an additional 180 days. MHC has completed site due diligence and subsequently HCIDLA and LADOT have determined that the proposed project is feasible.

RECOMMENDATIONS

The General Managers of HCIDLA and LADOT respectfully request:

- I. That your office schedule this transmittal at the next available meeting(s) of the appropriate Council committee(s) and forward it to the City Council for review and approval immediately thereafter.
- II. That your office extend the term of the Exclusive Right to Negotiate (ERN) for an additional 180 days; and,
- III. That the City Council, subject to the approval of the Mayor, authorize the General Managers of HCIDLA and LADOT, or designees, to execute the attached JDA with MHC, which entails the lease and development of City-owned public parking lot No. 689.

BACKGROUND

Lot 689 is a public metered surface parking lot that is proposed as a future joint development project for the new construction of affordable senior housing and replacement public parking. The Lot 689 site consists of three adjoining parcels located near the intersection of Pico and Robertson Boulevards in Council District 5. The legal site description is provided in Attachment A of this report.

HCIDLA and LADOT previously issued a joint RFP for the replacement and development of Lot 689 which resulted in the selection of MHC as the project developer in November 2010 (C.F. 08-2698). HCIDLA, LADOT and MHC entered into an ERN for the purpose of negotiating the terms of a JDA and ground lease. Subsequent to the selection of MHC from the RFP procurement process, the economic climate to develop affordable housing resulted in a delay of the project because of factors such as the recession, the shutdown of the Community Redevelopment Agency of Los Angeles and a decrease in availability of subsidies for affordable housing.

The due diligence for the project was re-established by MHC upon improvement in the economic climate for affordable housing development, such as an improvement in the low income housing tax credits market and a growing need for additional affordable senior housing units in the City. As a result of due diligence by MHC, HCIDLA and LADOT entered into an ERN with MHC on August 4, 2014. The term of the ERN expired on February 4, 2015, but was extended for an additional 90 days to May 4, 2015. HCIDLA and LADOT are requesting the extension of the ERN for an additional 180 days in order to comply with the previous City Council instruction that HCIDLA and LADOT report back to the Council and Mayor with a draft of a JDA prior to the expiration of the ERN.

The project proposed by MHC is an affordable senior residential housing development located in the vicinity of the intersection of Pico and Robertson Boulevards in Council District 5. The project will consist of a minimum of 42 senior resident apartment units for tenants ages 55 and over, plus one unit without income restrictions for an on-site manager, for a minimum total of 43 units. All senior units will be targeted to low income households or 60 percent of the Area Median Income as defined by the State Housing and Community Development Department. An agreement containing covenants that restrict the rental maximums will be recorded against the property in accordance with federal HOME Investment Partnerships Program requirements, or other affordable housing funding source determined by HCIDLA

at a later date. The unit mix for the project may consist of all one-bedroom units, or a mix of studio, one-bedroom or two-bedroom units. The project will also include the construction of eight additional public parking spaces for a total of 47 replacement public parking spaces for Lot 689. A site plan is provided in Attachment B.

MHC, with oversight by Council District 5 and HCIDLA, will conduct community outreach throughout predevelopment, construction, and lease-up of the project. The project has applied for admittance into HCIDLA's Affordable Housing Trust Fund Pipeline. Construction is estimated to begin December 2016 and end March 2018. A summary of the proposed development timeline is provided in Attachment C.

The proposed financing for the project will utilize the syndication of nine percent low-income housing tax credits allocated by the California Tax Credit Allocation Committee. MHC will also be submitting applications to secure additional funds from Federal Home Loan Bank Affordable Housing Program. A detailed summary of the proposed sources and uses for the project is provided in Attachment D.

FISCAL IMPACT STATEMENT

There is no impact on the General Fund. The recommendations in this report will authorize HCIDLA and LADOT to execute the proposed JDA with MHC for the lease and development of City-owned parcels comprising of Lot 689, a public metered surface parking lot in Council District 5. The JDA will include provisions for: the new construction of a minimum of 43 units of affordable senior housing; and, the replacement of 39 existing parking spaces and construction of eight additional spaces for a total of 47 parking spaces to be completed approximately by March 2018. The operation of Lot 689 may be impacted by the construction of the housing development, which may result in a loss of City parking revenue approximately between December 2016 and March 2018.

FOR HCIDLA

Prepared by:



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Manager, Multifamily Finance & Development Unit

Reviewed by:



MANUEL BERNAL

Director of Finance and Development

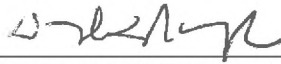
Reviewed by:



LAURA K. GUGLIELMO

Executive Officer

Reviewed by:



HELMI HISSERICH *for*

Assistant General Manager

Approved by:

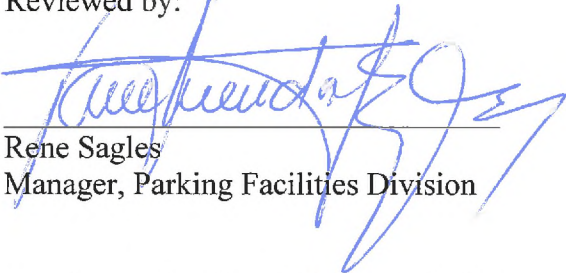


RUSHMORE D. CERVANTES

General Manager

FOR LADOT

Reviewed by:



Rene Sagles

Manager, Parking Facilities Division

Approved by:



Seleta J. Reynolds

General Manager

- Attachment A – Legal Site Description
- Attachment B – Site Plan
- Attachment C – Proposed Development Timeline
- Attachment D – Proforma Sources and Uses
- Attachment E – Joint Development Agreement