

TRANSMITTAL

To: **THE COUNCIL**

Date: **08/21/19**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in blue ink, appearing to read 'Eric Garcetti', is written over a light blue circular stamp.

(Ana Guerrero) for

ERIC GARCETTI
Mayor



Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

Housing Development Bureau

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August 20, 2019

Council File: 09-0420-S1
Council District: 5
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Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall
200 North Spring Street
Los Angeles, CA 90012

Attention: Heleen Ramirez, Legislative Coordinator

**COUNCIL TRANSMITTAL: REQUEST FOR APPROVAL OF RECOMMENDATIONS
RELATIVE TO THE SELECTION OF DEVELOPERS FOR AN AFFORDABLE HOUSING
PROJECT AT 11010 SANTA MONICA BOULEVARD AND AUTHORITY FOR VARIOUS
ACTIONS RELATED TO THE DISPOSITION AND DEVELOPMENT OF THE CITY-OWNED
PROPERTY**

SUMMARY

In accordance with Executive Directive No. 3, the General Manager of the Los Angeles Housing + Community Investment Department (HCIDLA) respectfully requests that your office review and approve this transmittal and forward it to the City Council for further consideration. Through this transmittal, HCIDLA seeks approval, and requests authority to take recommended actions related to the disposition and development of 11010 Santa Monica Boulevard, a property owned by the City of Los Angeles, with the purpose of maximizing the use of public land for the development of affordable housing.

On February 5, 2019, the City Council authorized HCIDLA to release a Request for Proposals (RFP) related to the disposition and development of 11010 Santa Monica Boulevard, a property owned by the City of Los Angeles, with the purpose of maximizing the use of public land for the development of affordable housing. Specifically, the land is to be developed for affordable housing and replacement public parking (C.F. No. 09-0420-S1). The specific intent of the RFP was to solicit proposals that would deliver supportive housing that is better designed, cheaper, and faster to build than the traditional affordable housing project. HCIDLA released the RFP on February 19, 2019, and four proposals were received by the April 19, 2019 deadline.

Upon thorough review of the proposals submitted, HCIDLA recommends the City enter into negotiations with the highest-scoring developer team, Weingart Center Association and Valued Housing, which proposes building 50 units of supportive housing and one manager's unit on the site, along with any replacement public parking required by the Los Angeles Department of Transportation. Selection comes with a commitment of Proposition HHH funding up to \$140,000 per supportive housing unit, with an additional \$80,000 per unit available for a development in a qualified high-resource area. The project pro forma submitted with the proposal assumes a Proposition HHH commitment of \$7 million.

HCIDLA requests authority to execute an Exclusive Negotiation Agreement (ENA) and negotiate a Joint Development Agreement (JDA) with the highest-scoring developer team and the Los Angeles Department of Transportation (LADOT), which operates a public parking lot on the site.

RECOMMENDATIONS

- I. That the Mayor review this transmittal and forward it to City Council for further action;
- II. The City Council, subject to the approval of the Mayor:
 - A. AUTHORIZE the General Manager of HCIDLA, or designee, to select the team of Weingart Center Association and Valued Housing to develop affordable housing at 11010 Santa Monica Boulevard, which will include supportive housing for homeless people;
 - B. AUTHORIZE the General Manager of HCIDLA, or designee, to negotiate and execute an ENA with the selected developer team and LADOT, subject to the approval of the City Attorney as to form;
 - C. AUTHORIZE the General Manager of HCIDLA, or designee, to negotiate a JDA with the selected developers, or their to-be-formed Limited Partnership, and LADOT, subject to the approval of the City Attorney as to form;
 - D. AUTHORIZE the HCIDLA General Manager, or designee, to prepare Controller instructions for any necessary technical adjustments consistent with the Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO), and instruct the Controller to implement these instructions.

BACKGROUND

In response to the City's affordable housing crisis, HCIDLA created the Land Development Program to leverage publicly-owned land for development as affordable housing in the city. The Land Development Program oversees the disposition of properties transferred to HCIDLA from the former Community Redevelopment Agency of Los Angeles (CRA/LA) and the Los Angeles Department of Transportation (LADOT), as well as surplus land identified by the City Administrative Officer (CAO) as part of the Affordable Housing Opportunity Sites (AHOS) program.

In the winter of 2018, HCIDLA Executive Management and the Los Angeles Business Council ("LABC") developed the concept of using two City-owned parcels as test beds for developing innovative design and construction techniques for the creation of new supportive housing. HCIDLA staff held a series of meetings with key stakeholders to discuss innovation around supportive housing design and construction,

with the emphasis on creating housing in a faster, less expensive, and replicable way. Based on these discussions, and after consultation with the Council Office and the Mayor's Office, HCIDLA drafted and released the subject RFP with the following goals for the site:

1. The RFP would include language directing project proposals to employ cutting-edge design and feasible alternative construction techniques, such as pre-fabricated structures and energy efficient construction methods;
2. Proposals would emphasize creative, replicable, durable and cost-efficient approaches to reduce construction and operation costs, and speed delivery of affordable housing units;
3. Project design focus would be placed on architectural design "best practices";
4. Project design would accentuate an appreciation of the area and local neighborhood; and
5. Proposals would utilize the Department of City Planning's established three pillars of design, which are "Pedestrian First Design", "360 Degree Design", and "Climate Adaptive Design". (Details of these principals can be found on DCP's Urban Design Studio website.)

HCIDLA was authorized by the City Council and the Mayor to release a Request for Proposals (RFP) for this AHOS parcel (C.F. No. 09-0420-S1), which currently includes a 24-space public parking lot operated by LADOT. HCIDLA subsequently issued the RFP on February 19, 2019.

In addition to the RFP, HCIDLA, City Architect, and LADOT staff collaborated with the LABC on making two parcels available (including the subject Santa Monica Blvd. site) for the 2019 Julius Shulman Emerging Talent Award Competition. The winning design from that competition was announced at the June 21st LABC Architectural Awards luncheon. Design principles described in the awarded submissions and in this subject RFP's selection will be used to inform future HCIDLA RFPs for City-owned properties.

REQUEST FOR PROPOSALS (RFP) PROCESS

On February 5, 2019, the City Council authorized HCIDLA to release an RFP to select developer for this City-owned site. On February 19, 2019, the RFP was released with the goal of soliciting proposals from qualified developers who could develop affordable housing with high-quality design on a faster timeline and at a lower cost than the standard project. The RFP was released through the Los Angeles Business Assistance Virtual Network (LABAVN) to ensure that a wide pool of applicants would have an opportunity to participate in the RFP process. Following the RFP release, a mandatory Bidders Conference webinar was held on February 28, 2019, and was attended by 74 people. Four proposals were submitted by the final deadline of April 19, 2019, 4:00 p.m. The RFP process and timeline is detailed in Table 1, below.

TABLE 1: RFQ/P TIMELINE	
Event/Action	Date
Authority to release RFQ/P	February 5, 2019
Release of RFQ/P	February 19, 2019
Bidder's Conference	February 28, 2019
Site visits scheduled for each property	March 4-8, 2019
Proposals Due	April 19, 2019
Review & scoring complete	May 15, 2019
Developer interviews	May 20, 2019
Initial scores released	May 23, 2019
Last day to submit appeals	May 30, 2019

TABLE 1: RFQ/P TIMELINE	
Event/Action	Date
Recommendations released to Mayor and HHH AoC, CoC	July 2019
HHH CoC and AoC approval	August 2019 (Anticipated)
Mayor and City Council approval	September 2019 (Anticipated)
Negotiation and Execution of ENAs	September 2019 (Anticipated)
Negotiation and Execution of DDAs	September 2020 (Anticipated)

RFP Scoring

Every proposal that met the 11 threshold requirements listed in the RFP was scored against evaluation criteria that fell into two broad categories worth a total of 100 points. A maximum of 30 points were available based on the developer team qualifications, and 70 points were available for project-specific criteria. The evaluation criteria and point allocation is outlined in Table 2, below.

TABLE 2: EVALUATION AND SCORING CRITERIA	
Developer Qualifications (30 Points)	Points
A. Provide Required Documentation	5
B. Financial Capacity	10
C. Conformance with HHH Regulations	10
D. Community Benefits	5
Project Specific Criteria (70 Points)	
F. Design	20
G. Cost	20
H. Replicability and Innovation	20
I. Other Considerations	10
Total	100

The project-specific scoring criteria for this RFP were designed to reward proposals for “better, cheaper, faster” supportive housing that could be built to a high standard of design more quickly and at a lower cost than a typical supportive housing project in the City of Los Angeles. Twenty points were available for proposals that met the Department of City Planning’s three pillars of design (pedestrian-oriented, 360° design, climate adaptive) while demonstrating sensitivity to the neighborhood context. Another twenty points were available to proposals based on financial feasibility and per unit construction costs below the average supportive housing project in Los Angeles. A final twenty points were available for proposals using innovative construction techniques that could be replicated on other similar sites. The hope is that the selected proposal could serve as an adaptable model for supportive housing construction in the City, speeding up the timeline for high-quality supportive housing units at a lower cost.

The proposals were scored by an evaluation team comprised of housing and design experts from HCIDLA, the Department of City Planning, the Mayor’s Office, and the private sector. Proposals were scored independently, according to the scoring rubric included in the RFP, and the evaluation team subsequently met as a group to review and come to agreement on a consensus score for each proposal. Consensus scoring ensured that each member of the evaluation team vetted the proposal and concurred on points allocated to each scoring section.

Appeals Process

Developers were notified of their proposal scores on May 22, 2019, and were given five business days to submit an appeal based on HCIDLA's scoring procedures. One appeal was received during this period, and was subsequently retracted.

PROPOSAL SCORES

A total of four proposals were received by the submission deadline. All four proposals passed HCIDLA's threshold review to ensure they would be eligible for Proposition HHH funding, and were subsequently scored by the evaluation team. Table 3, below, lists each proposal's lead developer and the score it received.

TABLE 3: FINAL RFP PROPOSAL SCORES	
Lead Developer	Total Score
Weingart Center Association	92
Venice Community Housing Corporation	90
Clifford Beers Housing	88
Deep Green Housing and Community Development	70

High-Quality Design

The highest-scoring proposal is for a pre-fabricated modular development that would be factory-built in Los Angeles County and assembled on site. Prefab units can be built on an accelerated timeline at a lower cost than a traditional building, but they can also have a boxy, uniform look. This proposed building will be finished with an exterior skin that will allow the development to complement the surrounding neighborhood. It has elegant design and integrates with the existing built environment of Santa Monica Boulevard (Attachment A).

Lower Cost Per Unit

The total development cost for the high-scoring proposal is \$19,943,017, or \$391,039 per unit. This is well below the average supportive housing unit built in Los Angeles, and includes the cost of 24 replacement public parking spaces. A reduction in the required parking could result in a lower overall cost per unit. HCIDLA reviewed the proposed construction costs estimates.

Speed and Replicability

The development timeline in the RFP indicates that tenants could begin to move into the new supportive units within one year of the beginning of construction, roughly half the length of time required for a traditional affordable housing development. Factors contributing to this substantial time savings include the use of modular construction and sourcing from a factory based in Los Angeles County. The mix of modular with customizable exterior, as proposed in the highest-scoring submission, is a model that could be replicated on other parcels, while also allowing for design that responds appropriately to other neighborhoods and contexts.

HHH Commitment

The requirements of this RFP were structured so that the selected developer will receive an award of HHH program funds, up to the maximum amount allowable. Weingart Center Association requested \$140,000 per unit of supportive housing, or \$7 million, through their RFP submission. Authority to allocate these HHH program funds will be requested in September 2019 through the HHH Citizens Oversight Committee, HHH Administrative Oversight Committee, Homelessness and Poverty Committee, City Council, and the Mayor.

AUTHORITY TO EXECUTE ENA AND NEGOTIATE JDA

HCIDLA is requesting authority to execute an ENA and negotiate a JDA with the highest-scoring development team, led by Weingart Center Association, and the Los Angeles Department of Transportation, which currently operates a public parking lot on the site.

FISCAL IMPACT

The recommendation to authorize HCIDLA to execute an ENA with developers selected from the RFP will have no fiscal impact at this time.

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ATTACHMENT:

Renderings

