

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: February 1, 2019

CAO File No. 0220-00540-1339

Council File No. 08-0473-S1;
12-0049-S5;
12-0049-S9;
12-0049-13;
18-0579

Council District: 13

To: The Mayor
The Council

From: Richard H. Llewellyn, Jr., City Administrative Officer 

Reference: Housing and Community Investment Department Transmittal dated January 16, 2019; Received by the City Administrative Officer on January 29, 2019; Additional Information Received through January 30, 2019

Subject: **REQUEST FOR AUTHORITY TO EXECUTE A DISPOSITION DEVELOPMENT AGREEMENT FOR THE DEVELOPMENT OF AFFORDABLE HOUSING ON THE CITY-OWNED PROPERTY AT 1637 NORTH WILCOX AVENUE**

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Authorize the General Manager of the Los Angeles Housing and Community Investment Department (HCID), or designee, to:
 - a. Negotiate and Execute a Disposition and Development Agreement (DDA) with Thomas Safran & Associates and The Actors Fund Housing Development Corporation (Developer) for the City-owned property at 1637 N. Wilcox Avenue., and/or any entity they may subsequently form as a condition of financing, in substantial conformance with the Form of Agreement (Attachment B of HCID's transmittal dated January 16, 2019, or Report) and based on the Key Terms and Conditions negotiated with the developer (Attachment A of the HCID's report);
 - b. Issue a funding recommendation letter for the Hollywood Arts Collective development at 1637 N. Wilcox Avenue, subject to the following conditions:
 - i. The final funding commitment will not exceed \$5,850,460 contingent on the developer successfully securing Affordable Housing and Sustainable Communities (AHSC) State grant dollars;

- ii. The project sponsor must apply to the Strategic Growth Council for the AHSC program in the next available round; and,
 - iii. The disbursement of HCID funds will occur only after the sponsor obtains enforceable commitments for all proposed funding; and,
- c. Obligate HOME funds for the project listed below:

<u>Project</u>	<u>Fund</u>	<u>Account</u>	<u>Account Name</u>	<u>Amount</u>
Hollywood	561/43	43P008	AHTF	\$4,289,736.69
Arts Collective	561/43	43R011	AHTF	<u>\$1,560,723.31</u>
Total				\$5,850,460.00

- d. Prepare Controller instructions and make necessary technical adjustments consistent with the Mayor's action on this matter, subject to the approval of the City Administrative Officer;
2. Authorize the Controller to expend funds in an amount not to exceed \$5,850,460, from the HOME Investment Partnerships Program Fund No. 561 for the Hollywood Arts Collective Project upon proper demand from the General Manager of HCID or designee; and,
 3. Instruct the HCID and Los Angeles Department of Transportation (LADOT) to report back to Council and request authority for funding if LADOT is required to reimburse the Developer for construction of additional parking spaces.

SUMMARY

The Housing and Community Investment Department (HCID) requests authority to negotiate and execute a Disposition and Development Agreement (DDA) with Thomas Safran & Associates and The Actors Fund Housing Development Corporation (Developer) for the City-owned property at 1637 N. Wilcox Avenue (Project). The HCID selected the Developer through a Request for Qualifications/ Proposal (RFQ/P) process, as described in their transmittal dated January 16, 2019 (Report). Subsequent to the release of the Report, the HCID stated that the Project requires a conditional commitment of \$5,850,460 from the HOME Investment Partnerships Program Fund (HOME) in order to be competitive in the Affordable Housing and Sustainable Communities (AHSC) State grant program. The deadline for AHSC funding is February 11, 2019. The HCID reports that the DDA and commitment of HOME funds must be authorized by the Mayor and Council prior to the AHSC funding deadline in order for the Project to compete for \$4,888,000 in grant funds.

The Project will be located on a Los Angeles Department of Transportation (LADOT)-owned site and includes replacement parking for all 149 spaces currently on the site. After completion of the development, LADOT will continue to operate and collect revenue from the parking lot. Therefore, the LADOT will also be a cosignatory on the DDA. The HCID reports that LADOT completed a parking study, but HCID was not provided a copy. There is an additional condition in the DDA for the developer to be reimbursed by LADOT for the construction of up to 26 additional spaces. The

HCID stated that initial estimates for building additional LADOT spaces could cost an estimated \$1,080,000 to \$4,050,000 depending on the number of spaces and location (surface or subterranean). Our Office concurs with the Department's recommendations, as amended to require the HCID and LADOT to report back to Council and request authority for funding for the construction of additional parking spaces to be reimbursed and operated by LADOT.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund at this time. If the Los Angeles Department of Transportation (LADOT) is required to reimburse the selected developer for the construction of additional parking spaces, then there is a potential General Fund impact. The Special Parking Revenue Fund (SPRF), which collects parking revenue from LADOT-owned parking facilities and lots, transfers its annual surplus to the General Fund. The terms of the Disposition and Development Agreement would result in the developer building up to 26 additional LADOT-owned and operated parking spaces with costs reimbursed by SPRF at a cost ranging from \$1,080,000 to \$4,050,000, depending on the available options. The recommended actions in this report comply with City Financial Policies in that the additional \$5,850,460 loan commitment is fully funded by the HOME Investment Partnerships Program Fund.

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