

TRANSMITTAL

To:

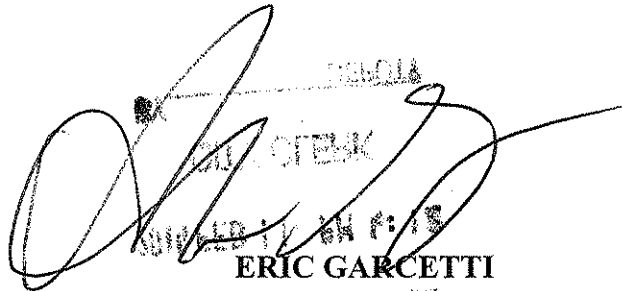
THE COUNCIL

Date:

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



ERIC GARCETTI
Mayor

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CITY OF LOS ANGELES
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Eric Garcetti, Mayor
Rushmore D. Cervantes, Interim General Manager

Housing Development Bureau
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February 7, 2014

Council File: New
Council District: 14
Contact Person: Helmi Hisserich/213-808-8662

Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: Mandy Morales
Legislative Coordinator

COUNCIL TRANSMITTAL: REQUEST FOR ACCOUNTING AUTHORITY IN RELATION TO A PEER REVIEW AND ANALYSIS OF THE WYVERNWOOD GARDEN APARTMENTS REDEVELOPMENT PROPOSAL

SUMMARY:

The Los Angeles Housing and Community Investment Department (HCIDLA) requests Mayor and City Council authority to effectuate the accounting transactions contained within this report, including the receipt and deposit of \$50,000 from Fifteen Group Land and Development LLC (Applicant), an affiliate of the current owner of the Wyvernwood Garden Apartments (Wyvernwood), for the purposes of obtaining an economic review of the redevelopment of Wyvernwood.

To perform the economic review, HCIDLA has selected Keyser Marston Associates (KMA) from a list of qualified contractors established by a Request for Qualifications. HCIDLA and KMA will negotiate the terms of a contract, which will be presented for Mayor and Council consideration at a later date.

RECOMMENDATIONS:

The HCIDLA General Manager respectfully requests that:

1. Your office schedule this transmittal at the next available meeting(s) of the appropriate City Council committee(s) and forward to City Council for review and approval immediately thereafter;
2. The City Council, subject to the approval of the Mayor:

A. Approve the City’s receipt of \$50,000 from Fifteen Group Land and Development LLC and deposit the funds into Fund 815 Municipal Housing Finance Fund;

B. Authorize the City Controller to:

1. Establish Account 43K501 – Wyvernwood Economic Analyses within Fund 815 Municipal Housing Finance Fund;
2. Appropriate \$50,000 into Account 43K501 – Wyvernwood Economic Analyses, upon receipt of the same amount from Fifteen Group Land and Development LLC;
3. Reallocate funds within Fund 815 Municipal Housing Finance Fund as follows:

<u>BFY</u>	<u>ACCOUNT</u>	<u>ACCOUNT NAME</u>	<u>AMOUNT</u>
From:			
2009	43E143	Housing	\$25,000.00
To:			
2014	43K501	Wyvernwood Economic Analyses	<u>\$25,000.00</u>
		TOTAL	\$25,000.00

4. Expend funds from Account 43K501-Wyvernwood Economic Analyses in amount not to exceed \$75,000, upon proper demand of the HCIDLA General Manager or designee, in relation to the Wyvernwood Garden Apartments project, upon Mayor and City Council approval of the execution of a contract for the aforementioned services.

C. Authorize the HCIDLA General Manager or designee to prepare Controller’s Instructions and any necessary technical adjustment(s) consistent with Mayor and City Council actions, subject to the approval of the City Administrative Officer, and instruct the Controller to implement the instructions.

BACKGROUND:

The City has been engaged in ongoing negotiations with the Applicant, which would allow for the replacement of 1,187 units of rental housing with a higher density, mixed-use development that includes a proposed 4,150 units of rental and homeownership units, 325,000 square feet of retail and commercial space, and 11.7 acres of open space in Council District Fourteen (CD 14). The Applicant is seeking City Council approval for the redevelopment of Wyvernwood, including a Specific Plan and associated zone changes, which would establish new development rights, including height restrictions and allowable density throughout the project site.

As a member of the City’s negotiation team, HCIDLA shall provide technical assistance and support, including a preliminary analysis of the redevelopment proposal and its potential impacts to affordable

housing in the Boyle Heights area, as well as a preliminary review of the December 2012 Final Environmental Impact Report (EIR) for the proposed redevelopment.

During the negotiation process, it was agreed by all parties that the City would employ the services of a real estate advisor for the purpose of conducting a peer review of the redevelopment proposal; it was further agreed that the Applicant would cover the cost of the Peer Review and Feasibility Analysis in an amount not to exceed \$50,000.

HCIDLA identified three qualified firms from the list of contractors approved by the Mayor and Council in accordance with the 2012 Housing Studies and Services Request for Qualifications (RFQ) (C.F. #12-1470): David Rosen Advisors (DRA), KMA, and Hamilton, Rabinovitz & Associates (HR&A). HR&A was disqualified since it is the firm whose work is being peer reviewed. Based on a review of the remaining proposals, HCIDLA selected KMA. The RFQ met the obligations of Charter Section 1022 regarding outside contracting, so no further action in that regard is needed in order to execute the contract with KMA.

A scope of work and cost estimate in the amount of \$50,000 was received for the peer review and feasibility analysis. The scope of work for the peer review will focus on the Economic and Fiscal Impact sections of the EIR that was prepared by HR&A, in addition to a peer review and financial analysis of the Financial Model for Project Alternative F, the financial model of the EIR most closely representing Applicant's current proposal. The \$50,000 contribution from the Applicant will be used to cover the cost.

Due to the complexity of the project, HCIDLA has determined additional economic analyses may be required beyond the scope which the Applicant has agreed to cover. This analysis may include, but not be limited to, an independent analysis of the estimation of community benefits and the resident retention plan. HCIDLA recommends a budget of up to \$25,000 for this additional analysis.

HCIDLA and KMA are currently negotiating the scope of work and terms of the contract. Upon successful negotiation, HCIDLA will return to the Mayor and Council with a draft contract and seek approval for contract execution.

It is therefore requested that the City be authorized to receive and deposit \$50,000 from the Applicant to pay for the peer review. It is also requested that funds currently available in the Municipal Housing Finance Fund in the amount of \$25,000 be reallocated in order to pay for KMA's services.

FISCAL IMPACT:

There is no impact to the General Fund. The \$75,000 contract will be paid using funds from the Applicant in the amount of \$50,000 and Municipal Housing Finance Funds in the amount of \$25,000.

Prepared by:



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HELMI HISSERICH
Assistant General Manager

Approved by:



RUSHMORE D. CERVANTES
Interim General Manager