

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: June 22, 2016

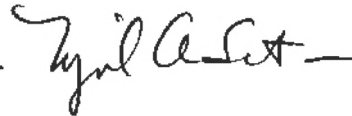
CAO File No. 0220-00540-1178

Council File No. 15-0220

Council District: 9

To: The Mayor  
The Council

From: Miguel A. Santana, City Administrative Officer



Reference: Housing and Community Investment Department Transmittal dated June 6, 2016;  
Received by the City Administrative Officer on June 8, 2016

Subject: **REQUEST FOR APPROVAL TO SELECT WARD ECONOMIC DEVELOPMENT CORPORATION AND THE INTEGRAL GROUP AS THE DEVELOPER FOR THE REHABILITATION OF CASA DE ROSAS, AN AFFORDABLE HOUSING PROJECT, AND AUTHORITY TO EXECUTE VARIOUS ACTIONS RELATED TO THE DISPOSITION AND DEVELOPMENT OF THE PROJECT**

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### RECOMMENDATION

That the Council, subject to the approval of the Mayor, adopt the Recommendations A through E included in the related Housing and Community Investment Department report dated June 6, 2016.

### SUMMARY

The Housing and Community Investment Department (HCID) requests approval to select the Ward Economic Development Corporation with The Integral Group (WEDC/Integral) as the developer of the Casa De Rosas project (Project), an affordable housing development for low income and homeless veterans. WEDC/Integral was selected as the purchaser through an open and competitive Request for Proposal process (C.F. 15-0220). The Project is located in Council District Nine, at 2600 South Hoover Street, Los Angeles, California 90007 in the West Adams District of Los Angeles (Property). HCID also requests authority to negotiate and execute an Exclusive Negotiating Agreement (ENA); authority to negotiate and execute a Disposition and Development Agreement (DDA); and authority to include WEDC/Integral into HCID's Managed Pipeline upon execution of the DDA. The ENA is a precursor to the development agreements for the disposition and redevelopment of the Property. If the negotiations are successful, the City Attorney would then prepare an ordinance for review and approval by the Mayor and Council for the sale of the Property. This Office concurs with the recommendation of the Department.

The Property was transferred to HCID from the former Los Angeles Community Redevelopment Agency to maximize public land for affordable housing. The Property consists of four buildings,

three of which are of historical value. The Project is located one-half mile from the Vermont-Adams Rapid Transit Bus Station, a major transit corridor, making redevelopment of the Property consistent with the City's policy objective of providing affordable housing in Transit Oriented Districts. The Property is currently vacant and extremely vulnerable to squatters and vandalism. In addition, the California Housing and Community Development Department (HCD) notified HCID of a pending foreclosure on the Property due to non-compliance of an HCD loan which total approximately \$1.4 million (including delinquency fees) and requested that HCID transfer the Property to an affordable housing developer in a timely manner. To prevent further deterioration of the Property and possible foreclosure by HCD, HCID prioritized the Project for development.

As proposed by WEDC/Integral, the Project's Total Development Cost is \$13,813,273. WEDC/Integral intends on seeking \$9.3 million via a combination of Nine Percent Low Income Housing Tax Credits/Historic/State equity financing and \$2,688,423 from HCD Veteran funds (Veterans Housing and Homelessness Prevention Program). WEDC/Integral values the land at \$4,490,415 and would work with HCID to complete the appropriate appraisals and negotiate a seller carryback loan (HOME Investment Partnership Program funds) encompassing the land's fair market purchase price and the HCD loan encumbrance. WEDC/Integral would seek additional outside funding and have indicated that no other additional HCID funds would be requested.

### **FISCAL IMPACT STATEMENT**

There is no impact to the General Fund. Approval of the recommendation would lead to an Exclusive Negotiation Agreement and, if applicable, a Disposition and Development Agreement between the Housing and Community Investment Department and the Ward Economic Development Corporation with The Integral Group for the disposition and redevelopment of the property located at 2600 South Hoover Street. The recommendation in this report is in compliance with the City's Financial Policies in that the proposed action would be funded by special and/or grant funds.