

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: January 9, 2018

CAO File No. 0220-05440-0000
Council File No. 12-0049-S5;
15-0220;
16-0600-S145;
17-0862;
17-0539
Council District: Citywide

To: The Mayor
The Council

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

Reference: Housing and Community Investment Department (HCID) transmittal dated December 20, 2017; Received by the City Administrative Officer on December 26, 2017; and HCID transmittal dated December 28, 2107; Received by the City Administrative Officer on January 2, 2018

Subject: **REQUEST FOR APPROVAL TO EXECUTE DISPOSITION AND DEVELOPMENT AGREEMENTS AND OWNERS PARTICIPATION AGREEMENTS FOR THE DEVELOPMENT OF AFFORDABLE HOUSING ON CITY-OWNED PROPERTY**

RECOMMENDATIONS

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

1. Adopt Recommendation II. A. and B. of the related Housing and Community Investment Department (HCID) transmittal (Report) dated December 20, 2017 relative to the request to execute Disposition and Development Agreements or Owner Participation Agreements with selected developers;
2. Adopt Recommendation II. A. through E. of the related Housing and Community Investment Department (HCID) Addendum to the above referenced transmittal (Addendum) dated December 28, 2017 relative to the disposition of two City-owned properties for the development of the 88th and Vermont permanent supportive housing project; and,
3. Authorize the General Manager, Housing and Community Investment Department (HCID), or designee, to:
 - a. Negotiate and execute an extension to the Amended and Restated Option Agreement with 88th & Vermont, LP, for the ground leasing of the City-owned parcels comprised of the Los Angeles Department of Transportation parcel located

at 8707 South Menlo Avenue (APN 6038-010-902) and the Department of Recreation and Parks parcels located at 8742 and 8750 South Vermont Avenue (APNs 6038-010-903 and 904);

- b. Negotiate and execute the appropriate land conveyance document upon final adoption of the ordinance to convey the City-owned properties for the development of the 88th and Vermont permanent supportive housing project; and,
- c. Prepare Controller instructions and any necessary technical corrections consistent with the Mayor and Council action on this matter, subject to the approval of the City Administrative Officer, and authorize the Controller to implement the instructions.

SUMMARY

The Housing and Community Investment Department (HCID) requests authority to execute Disposition and Development Agreements (DDA) or Owner Participation Agreements (OPA) with nine developers selected through competitive Request for Proposals (RFP) or Request for Qualification/Proposals (RFP/Q) processes that includes the agreement to convey the housing asset (public land) for affordable housing development. A list of the nine developers is included in the HCID's transmittal (Report) dated December 20, 2017. Subsequent to the release of their Report, the HCID released an Addendum to their transmittal (Addendum) that requests disposition for additional City-owned properties for the development of the 88th and Vermont permanent supportive housing project (Project). Finally, subsequent to the release of the Addendum, the HCID reported that the existing Amended and Restated Option Agreement with 88th & Vermont, LP, for the ground leasing of the City-owned properties for the Project would expire prior to the completion of the requested land conveyance and construction loan closing process. The HCID states that an extension of the Amended and Restated Option Agreement is necessary for the developer to maintain site control, a requirement for Tax Credit Allocation Committee for eligibility to apply for project financing. This Office concurs with the recommendations of the Department, as amended.

Housing Development Conveyance Policy

In accordance with the Housing Development Land Conveyance Policy approved by City Council on November 8, 2017 (C.F. 17-0862), the HCID will utilize long-term ground leases for development of affordable housing projects on publicly owned land by executing a DDA and Ground Lease, where feasible. However, HCID is recommending an OPA for six of the proposed properties, including the parcels for the 88th and Vermont Project. The HCID reports that most of these properties are adjacent to or near properties owned by the selected developers pursuing affordable housing projects that expand beyond the subject City-owned properties. The HCID states that pursuing an OPA with these developers would allow the City to execute covenants on all of the units associated with the developer's project, not just the affordable housing units developed on the City-owned property.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The recommendations in this report are in compliance with the City's Financial Policies in that there is no additional cost to the City, and no funding commitments are being made at this time. Potential project funding sources include State tax exempt bonds, State tax credits, private financing, and the Affordable Housing Trust Fund, among others.

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