

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 2, 2018

CAO File No. 0220-00540-1287

Council File No. 16-0600-S145

Council District: Citywide

To: The Mayor
The Council

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

Reference: Housing and Community Investment Department transmittal dated August 6, 2018; Received by the City Administrative Officer on August 8, 2018; Additional information received through September 28, 2018

Subject: **REQUEST FOR APPROVAL TO SELECT A DEVELOPER FOR AFFORDABLE HOUSING DEVELOPMENT ON CITY OWNED PARCELS**

RECOMMENDATIONS

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

1. Amend Recommendation I of the related Housing and Community Investment Department (HCID) transmittal (Report) dated August 6, 2018 relative to the request for authority to select a developer for affordable housing on two City-owned parcels, to select the East LA Community Corporation (ELACC) for the affordable housing development, which will include supportive housing, and adopt Recommendation I as amended; and,
2. Amend Recommendation II of the related HCID Report to authorize HCID and the Department of Transportation (DOT) to negotiate and execute a 24-month Exclusive Negotiation Agreement (ENA) with ELACC for two DOT-managed properties, 249 North Chicago Street and 318 North Breed Street, subject to the approval of the City Attorney as to form, and compliance with all City contracting requirements, and adopt Recommendation II as amended; and,
3. Amend Recommendation III of the related HCID Report to authorize HCID and DOT to negotiate a 24-month Joint Development Agreement (JDA) with ELACC for two DOT-managed properties, 249 North Chicago Street and 318 North Breed Street, subject to the approval of the City Attorney as to form, and compliance with all City contracting requirements, and adopt Recommendation III as amended; and,
4. Adopt Recommendation IV of the related Report; and,
5. Require HCID and DOT to report back to Council to request authority to execute a 24-month JDA with ELACC for two DOT managed properties, 249 North Chicago Street and 318 North Breed Street.

SUMMARY

In a report dated August 6, 2018 (Report) the Housing and Community Investment Department (HCID) requested authority to select a developer for the affordable housing development, which will include supportive housing. Subsequent to the release of the Report, HCID requested authority to select East LA Community Corporation (ELACC) relative to the disposition and development of City-owned housing assets managed by the Department of Transportation (DOT). The recommendations of this report will authorize HCID and DOT to execute a 24-month Exclusive Negotiation Agreement (ENA) and to negotiate a Joint Development Agreement (JDA) with ELACC.

On December 21, 2017 HCID released a Request for Proposals (RFP) for four City-owned properties to a list of pre-qualified developers currently designated on the City Administrative Officer's (CAO) Affordable Housing Opportunity Sites (AHOS) list for housing development. The RFP details, scoring, and expected timeline are documented in HCID's Report. Based on final RFP scoring, HCID recommended the City to enter into negotiations with ELACC to combine two out of four DOT-managed public parking lots, 249 North Chicago Street, DOT Lot #713, and 318 North Breed Street, DOT Lot #682, into one development with approximately 87 units of new affordable housing, including at least 50% permanent supportive housing. While the proposed arrangement of available public parking spaces differ from the current design, the actual number of available parking spaces will remain unchanged. HCID did not receive an appeal after notifying ELACC of their proposal score.

The HCID received three proposals to develop a DOT-managed public parking lot at 8509 South Broadway. The HCID indicated that Council District Nine requested that HCID not make a developer recommendation for that property at this time. HCID did not receive proposals for the remaining property, Kipling Triangle.

According to the draft ENA attached to HCID's Report, the terms of a JDA for the development of DOT Lots #713 and #682 will be negotiated within a possible 720-day period. Our Office recommends that HCID report back to Council with a draft JDA following negotiations during the 24-month ENA period with ELACC and DOT. Should the development require additional financing beyond terms of the negotiated JDA, the HCID will return to Council to identify potential funding sources including State tax credits, private financing, and the Affordable Housing Trust Fund, among others.

There are no funding commitments to the Affordable Housing Trust Fund for additional subsidies beyond the value of the two City-owned properties at 249 North Chicago Street and 318 North Breed Street. This Office concurs with the recommendations of the Department, as amended.

FISCAL IMPACT STATEMENT

There will be no impact to the General Fund as a result of the recommendations in this report. These recommendations are in compliance with the City's Financial Policies in that authority to select East LA Community Corporation (ELACC) relative to the disposition of housing assets currently owned by the City will not require any additional funding prior to ELACC's standard application procedures.

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