

COMMUNICATION FROM CHAIR and MEMBER, HOMELESSNESS AND POVERTY COMMITTEE relative to the Proposition HHH (Prop HHH) Housing Challenge Request for Proposals.

Recommendations for Council action:

1. AUTHORIZE the General Manager, Los Angeles Housing and Community Investment Department (HCIDLA), or designee, to enter into a Memorandum of Understanding (MOU), subject to the approval of the City Attorney, for each of the proposals with specific amounts not to exceed those identified in Table 2 of the September 9, 2019, Prop HHH Administrative Oversight Committee (AOC) report, attached to the Council file. The recommended projects are subject to Council approval with the following conditions:
 - a. The total Prop HHH Challenge MOU financial commitment will not exceed \$120 million, per the breakdown of proposals listed in Table 2 of the September 9, 2019, AOC report, attached to the Council file.
 - b. The disbursement of HHH funds will not take place until a lead developer obtains site control and enforceable commitments for all proposed project funding, including but not limited to, the full amount of funding and/or tax credits proposed in the Request for Proposal (RFP) application.
 - c. Changes to the MOU amounts are subject to Council approval.
2. INSTRUCT the General Manager, HCIDLA, or designee, to make any necessary adjustments to the standard HHH loan Program, including but not limited to the items below, and subject to Council approval of the financial commitment and related loan documents:
 - a. Mercy/LAFH/Abode's proposed use of a portion of their funding award (\$5 million out of \$40 million) as a short term Revolving Construction Loan Fund (RCLF) including but not limited to entering into an inter-creditor agreement with a RCLF administrator (see Staff Report, attached to the Council file, for additional terms).
 - b. Daylight's proposal contemplates creating two Tranched (Tranch A and B) loans for each of their three proposed projects (see Staff Report, attached to the Council file, for additional terms).
3. AUTHORIZE the General Manager, HCIDLA, or designee, to negotiate and execute MOU agreements with the recommended proposers with terms acceptable to HCIDLA, subject to the approval of the City Attorney as to form.
4. INSTRUCT the General Manager, HCIDLA, or designee, with assistance from the City Attorney, to negotiate project-specific financial commitments and related documents with terms acceptable to HCIDLA, including but not limited to loan agreements, loan security documents, subordination agreements, disposition and development agreements, and agreements governing project affordability requirements and report to Council for approval

within 180 days for those projects that have secured site control.

5. INSTRUCT the HCIDLA and the City Administrative Officer (CAO) to report on the 2020-21 Project Expenditure Plan to fund HHH Challenge projects once a project has reached funding readiness.
6. INSTRUCT the General Manager, HCIDLA, to report to Council with bimonthly updates on the Challenge proposals.
7. INSTRUCT the General Manager, HCIDLA, and CAO to transmit all Challenge-related actions directly to Council.

Fiscal Impact Statement: Neither the CAO nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

At the meeting held on September 18, 2019, your Homelessness and Poverty Committee Chair and members, considered a September 9, 2019 Prop HHH Administrative Oversight Committee report, relative to the Proposition HHH Housing Challenge Request for Proposals.

After providing an opportunity for public comment, the Office of the Mayor and HCIDLA presented the AOC's recommendations (2-1 vote). The AOC recommendations would approve up to \$120 million for six concepts, which propose future projects not defined at this time, and would delegate a number of upfront authorities to HCIDLA, including authority to negotiate and enter into future funding agreements for individual projects, without Council approval.

The Committee Chair expressed concerns with delegating authority to HCIDLA to enter into agreements for various to-be-determined projects for the large sum of \$120 million. The Chair requested that the Chief Legislative Analyst present the concerns with the AOC recommendations. The Chief Legislative Analyst indicated that many of the proposed concepts do not provide addresses or project deal terms at this time, and upfront authorities would authorize HCIDLA to enter into future agreements without Council approval at any time. The Chief Legislative Analyst stated that it would be important for Council to be given the opportunity to review a project, at least once, so it can perform its due diligence.

The Committee Chair indicated that Council should fulfill its oversight responsibilities and proposed alternative recommendations, stated in this communication. Pursuant to these recommendations, HCIDLA would seek Council approval once, prior to executing a funding commitment for an actual project. The Chief Legislative Analyst expressed that these recommendations strike a balance between speed and Council oversight. The Chief Legislative Analyst also indicated that the proposed alternative recommendations would expedite the current process inasmuch as transmittals would only require approval from Council, and not from the AOC and Citizens Oversight Committee. The Committee Chair further indicated the Committee's commitment to expediting project transmittals and waiving transmittals in certain instances.

Councilmember Ryu voted no to the alternative recommendations and expressed support in giving delegated authority to HCIDLA because of the belief that the goal of the Housing Challenge is to speed up the timeline and get the projects done cheaper and quicker.

The recommendations presented above are a communication from the Chair. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

MITCH O'FARRELL, CHAIR
HOMELESSNESS AND POVERTY
COMMITTEE

MIKE BONIN, MEMBER
HOMELESSNESS AND POVERTY
COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
O'FARRELL:	YES
RODRIGUEZ:	ABSENT
BONIN:	YES
HARRIS-DAWSON:	ABSENT
RYU:	NO

EV
17-0090-S4_rpt_hp_9-18-19c



-NOT OFFICIAL UNTIL COUNCIL ACTS-