

MOTION

SUBSTITUTE 49

On June 17, 2014, the Council adopted Motion (Parks – Blumenfield) to declare City-owned off-street parking lot No. 623 located at 8707 S. Menlo Avenue (APN 6038-010-902) a surplus asset, instructed staff to initiate the surplus process, conduct a Class “C” estimate, and report on the status of the surplus process and feasibility of potential redevelopment of the lot (C.F. 14-0419). Subsequent to Council action, a proposal from community members to develop the lot for housing with youth and adult supportive services was submitted. The under-utilized lot, consists of 77 non-revenue generating parking spaces sits on the northwest corner of Menlo Avenue and 88<sup>th</sup> Street, adjacent to commercial and residential uses.

Community Build, Inc. (Community Build) has expressed interest in acquiring said parking lot to develop a 60 unit, four-story permanent mixed-use supportive housing project, particularly for homeless veterans, transition aged youth (TAY), and small families, with integrated employment, educational and social services, plus community gardens (Project). The proposed Project will require use of said City-owned parking lot for development and four adjoining lots currently owned or leased by Community Build. Community Build is an experienced developer having completed the recent: (i) expansion of the CB Youth and Community Center at 7830 South Vermont Avenue, and (ii) construction of the Leimert Park office-retail complex at 4305-4311 Degnan Boulevard.

City Charter Section 371 (e)(10) permits, with City Council approval, the conveyance of City-owned property to a private party without competitive bid where it is impractical, impossible or incompatible with City interests to do so. It would be incompatible with City interests to competitively bid parking lot No. 623 (City Property) to interested parties other than Community Build because: (i) Community Build currently controls four of five lots needed to construct the Project thus reducing significantly Project’s land costs, (ii) with such land cost reduction, the amount of City financial assistance to the Project is significantly lessened, (iii) Community Build is the only community group currently present on the City Property providing community services and programming, and thus (iv) Community Build is the organization that can most readily, economically and knowledgeably complete and operate the Project on the site which includes the City property.

The proposed Project may be eligible for funding under the Housing and Community Investment Department 2015 Call for Projects provided site control is obtained by Community Build by May 17, 2015. To ensure that this deadline is met and that the Project serves the public interest and provides community benefits, it is appropriate to grant Community Build a short-term option to lease the City Property. Such option will not only provide time for Community Build to seek funding for the Project under the 2015 Call for Projects, but also allow time for City staff to: (i) formulate its deal terms (including financial assistance) for the Project, (ii) determine the number of parking spaces on the City Property which must be replaced, and (iii) decide what California Environmental Quality Act documentation must be prepared for the Project if the option is exercised by Community Build and a ground lease is negotiated for Council consideration. During the option period, staff will prepare a fair reuse value study of the Property to determine the appropriate ground rent amount.

I THEREFORE MOVE that the Council instruct the Department of Transportation, with the assistance of the General Services Department and the City Attorney, in coordination with the Housing and Community Investment Department, to enter into a short-term option agreement with Community Build to determine the feasibility of a ground lease of the City Property (APN 6038-010-902) to facilitate the described Project.

I FURTHER MOVE that the Council instruct staff to negotiate and execute with Community Build said option agreement with a report back no later than May 17, 2015 to meet potential housing fund opportunities.

PRESENTED BY: Bernard C. Parks  
BERNARD C. PARKS  
Councilmember, 8<sup>th</sup> District

SECONDED BY: M. [Signature]

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