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LOS ANGELES HOUSING DEPARTMENT

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December 12, 2023

Council File: 20-0354
Council Districts: 9
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Honorable Members of the City Council
City of Los Angeles
c/o City Clerk, City Hall
200 N. Spring Street
Los Angeles, CA 90012

COUNCIL TRANSMITTAL: LOS ANGELES HOUSING DEPARTMENT REQUEST FOR APPROVAL TO EXTEND THE TERM OF AN EXCLUSIVE NEGOTIATION AGREEMENT TO ACQUIRE AND REHABILITATE AFFORDABLE HOUSING ON A CITY-OWNED PROPERTY AT 1211 E. 43rd STREET

SUMMARY

The General Manager of the Los Angeles Housing Department (LAHD) respectfully requests authority to take recommended actions related to the disposition and development of the City-owned property located at 1211 E. 43rd Street, Los Angeles, CA 90011, with the purpose of maximizing the use of public land for the development of affordable housing.

LAHD received approval from the City Council and Mayor to negotiate and execute an Exclusive Negotiation Agreement (ENA) with the Coalition for Responsible Community Development (CRCD) to acquire and rehabilitate the referenced five-unit apartment building (C.F. No. 12-0049-S5); and is requesting the City Council's approval of the following actions related to the ENA.

RECOMMENDATIONS

- I. That the City Council, subject to the approval of the Mayor:
 - A. AUTHORIZE the General Manager of LAHD, or designee, to extend the term of the ENA for the 1211 E. 43rd Street Project for an additional one-year term, for an end date of March 9, 2025; and prepare and execute any documents necessary to facilitate or implement such extensions, subject to review and approval as to form by the City Attorney; and,

- B. DETERMINE that the 1211 E. 43rd Street project is exempt from the California Environmental Quality Act (CEQA) under Article 19, Section 15301 Class 1 of the State CEQA Guidelines because minor rehabilitation of the existing 5 housing units will not result in a significant impact or effect upon or direct or indirect physical change to the environment.

BACKGROUND

On December 14, 2016, the City Council authorized LAHD to release a Request for Proposals (RFP) to facilitate the transfer and rehabilitation of seven occupied residential properties acquired by LAHD through foreclosure to qualified mission-driven affordable housing providers (C.F. No. 12-0049-S11). LAHD released the RFP on January 10, 2017 and invited developers to submit proposals for the acquisition and rehabilitation of these properties. On August 9, 2017, City Council approved LAHD’s request to select CRCDC for the acquisition and rehabilitation of one of these properties, located at 1211 East 43rd St. (C.F. No. 12-0049-S14). LAHD and CRCDC executed an ENA for this property on December 6, 2017. The ENA expired on December 5, 2018, and was extended by letter for a term of 90 days. This ENA was amended to reinstate and extend the negotiation period through March 21, 2020.

Due to the COVID-19 Pandemic, on March 21, 2020, former Mayor Eric Garcetti issued a public order under the City of Los Angeles Emergency Authority to toll, or pause, deadlines that are prescribed in the Los Angeles Municipal Code (LAMC). Therefore, all LAHD ENAs were subsequently paused from expiring until further direction regarding the end of the local State of Emergency period. On March 1, 2023, the COVID-related local State of Emergency declaration ended; consequently, the tolling (or suspension) of all LAHD financing and predevelopment deadlines were also lifted.

The lifting of the tolling order allowed for an extension of financing agreements by the “tolling period”. The “Tolling Period” is defined as the number of days between the date that the Mayor’s Tolling Order became effective (March 21, 2020) and the date the order was lifted (February 28, 2023), inclusive of the end date. For this project the new expiration date per the Tolling Order is March 9, 2024. However, even with the extensions using the “tolling period”, the project sponsor will still need additional time to complete the due diligence for their projects. Therefore, LAHD is requesting an additional one-year ENA Extension for the site listed below:

Project (Address, APN)	ENA Expiration date	LAHD ENA Extension Exercised?	Expiration date per Tolling Order	New Expiration date
43 rd St. REO (1211 E 43 rd St., 5115-031-900)	June 21, 2019	Yes, plus two additional amendments	March 9, 2024	March 9, 2025

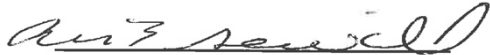
LAHD has a large number of Real Estate Owned (REO) properties that are difficult to sell or lease because they are improved with structures and often have existing occupants. As a result, it is also difficult to find developers willing to take on these sites. This project, in which LAHD entered into an ENA with the Coalition for Responsible Community Development, consists of the rehabilitation of five existing units, but

it has proven difficult to find funding. The project is too small to be competitive to secure funding through the standard mechanisms available to affordable housing developers. LAHD staff are working diligently with the developer to secure funding and to help the project move forward. LAHD is seeking an ENA extension of March 9, 2025 for this site.

FISCAL IMPACT

There is no impact on the General Fund. The recommendations contained in this report will authorize LAHD to extend the negotiation period of this ENA.

Approved By:



ANN SEWILL
General Manager
Los Angeles Housing Department