

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: May 20, 2022

CAO File No. 0220-00540-1605

Council File No. 16-0600-S145

Council District: 11

To: The Mayor  
The Council

From: *for* Matthew W. Szabo, City Administrative Officer 

Reference: Housing and Community Investment Department transmittal dated April 27, 2022; Received by the City Administrative Officer on April 27, 2022; Additional Information Received through May 18, 2022

Subject: **REQUEST FOR AUTHORITY TO EXECUTE A DISPOSITION AND DEVELOPMENT AGREEMENT FOR THE DEVELOPMENT OF AFFORDABLE HOUSING ON THE CITY-OWNED PROPERTIES LOCATED AT 2102-2120 S. PACIFIC AVENUE, 116-128 E. VENICE BLVD, 204-208 E. VENICE BLVD, 214 E. VENICE BLVD, 302 VENICE BLVD, 301-319 E. VENICE BLVD, 2106 S. CANAL ST, 200 E. VENICE BLVD, 2106 S. CANAL ST, 210-212 E. VENICE BLVD, 125 E. VENICE BLVD.**

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### RECOMMENDATIONS

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

1. Authorize the General Manager of the Los Angeles Housing Department (LAHD), or designee, to negotiate and execute a Disposition and Development Agreement (DDA) and effectuate related documents with the selected developers Venice Community Housing Corporation and Hollywood Community Housing Corporation (Developers), or with the Developers' to-be-formed Limited Partnership, for the 10 City-owned parcels listed in the table of this report, as a condition of financing, based on the Key Terms and Conditions negotiated with the Developers and attached to the LAHD transmittal dated April 27, 2022 (Report) and in substantial conformance to the Draft DDA attached to LAHD's Report; and,
2. Authorize the General Manager of the Los Angeles Department of Transportation to effectuate a non-financial transfer of jurisdiction and control of certain properties located at 2102-2120 S. Pacific Avenue, 116-128 E. Venice Blvd, 204-208 E. Venice Blvd, 214 E. Venice Blvd, 302 E. Venice Blvd, 301-319 E. Venice Blvd, 2116 Canal St, 210-212 E. Venice Blvd and 125 E. Venice Blvd (APNs: 4238-024-900, 902, 903, 905, 906, 907, 909, 910 and 911), to the LAHD to assist in the assembly of land for the development of affordable and supportive housing, subject to the review and approval of the City Attorney as to form.

**SUMMARY**

The Los Angeles Housing Department (LAHD) requests authority to negotiate and execute a Disposition and Development Agreement (DDA) with Venice Housing Corporation and Hollywood Community Housing Corporation (Developers) for the development of the Venice Dell Community project on the 10 City-owned parcels (Property) listed in the table of this report located in Council District 11. Subsequent to the release of its transmittal, dated April 27, 2022 (Report), the LAHD confirmed that some of the addresses listed in its Report’s recommendations were incomplete and verified that the addresses listed the Key Terms and Conditions attachment were correct. The table of this report includes the complete set of addresses for the 10 parcels. The subject Property includes Parking Lot 731, which is currently operated by the Department of Transportation (DOT). The LAHD is also requesting that Council authorize the DOT to effectuate a non-financial transfer of certain properties from DOT to LAHD three months before construction begins. The LAHD anticipates that construction will begin by October 2023. Subsequent to the release of its Report, the LAHD clarified it is not requesting that the DOT transfer jurisdiction over APN 4238-024-908 since the new public parking structure will remain City-owned and be operated by the DOT after construction is completed, and requested that the parcel be removed from the recommendation. This Office concurs with the Department’s recommendations, as amended, to: 1) reference the complete set of addresses listed in this report; and 2) exclude one of the parcels being transferred from the DOT to LAHD.

Table: Venice Dell Community Center Parcels

<b>Parcel Number</b>	<b>Address</b>	<b>Assessor Parcel Number (APN)</b>	<b>APN Being Transferred to LAHD?</b>
Parcel 1	2102-2120 S. Pacific Avenue 124 E. South Venice Blvd	4238-024-900	Yes
Parcel 2	116-128 E. Venice Blvd	4238-024-902	Yes
Parcel 3	204-208 E. Venice Blvd	4238-024-903	Yes
Parcel 4	214 E. Venice Blvd	4238-024-905	Yes
Parcel 5	302 E. Venice Blvd	4238-024-906	Yes
Parcel 6	301-319 E. Venice Blvd 2116 S. Canal St.	4238-024-907	Yes
Parcel 7	200 E. Venice Blvd 2106 S. Canal St.	4238-024-908	No
Parcel 8	N/A	4238-024-909	Yes
Parcel 9	210-212 E. Venice Blvd	4238-024-910	Yes
Parcel 10	125 E. Venice Blvd	4238-024-911	Yes

The Developers were selected from a Request for Qualifications/Proposals (RFQ/P) process conducted by the Office of the City Administrative Officer for the development of multiple Affordable Housing Opportunity Sites, including the subject Property, as described in the LAHD Report. The LAHD entered into an Exclusive Negotiation Agreement with the qualified Developers on January 12, 2017. The LAHD is now requesting authority to execute a DDA with the Developers

based on the Key Terms and Conditions attached to the LAHD's Report. The project will result in the construction of 68 units of supportive housing for households experiencing homelessness, 34 units of affordable housing for low-income individuals, 34 units of affordable housing for low-income artists, and four unrestricted manager units. The project will also include a public parking structure of approximately 244 parking spaces, which are comprised of 27 Beach Impact Parking spaces, two Boat Launch Spaces (short-term) parking spaces, 196 replacement parking spaces, and up to 19 additional parking spaces. It is expected that the public parking structure will be financed by the City with Municipal Improvement Corporation of Los Angeles (MICLA) lease revenue bonds. The issuance of MICLA debt is a General Fund obligation. The 2022-23 Proposed Budget contains \$11,645,634 in MICLA authorization to finance the first year of construction costs. The total estimated cost to construct the public parking structure is \$19,492,682. Additional MICLA authorization totaling \$7,847,048 will be required in 2023-24 to pay for the remaining project cost. The total estimated debt service for the public parking would be \$19,490,000, including interest of approximately \$7,844,000. The estimated interest is based on a 20-year bond issuance at a 5.5 percent interest rate. Actual interest rates may differ as rates are dependent on market conditions at the time of issuance. Additional information regarding the proposed project can be found in the LAHD Report.

In accordance with the Housing Development Land Conveyance Policy approved by City Council on November 8, 2017 (C.F. 17-0862), the LAHD will utilize long-term ground leases for the development of affordable housing projects on publicly-owned land by executing a DDA and Ground Lease, where feasible. The subject Property will be transferred to the Developers through a long-term Ground Lease. The Developers will be required to pay a base annual ground lease payment of \$1 and a residual receipts split rental payment for the commercial component of the site for the duration of the Initial Term of 55 years. Upon conclusion of the Initial Term, the Ground Lease may be extended for four, eleven-year terms, for a maximum total ground lease term of up to 99 years.

### **FISCAL IMPACT STATEMENT**

There is no impact to the General Fund. Potential project funding sources include State grants, loans, or tax credits, Project-Based Section 8 vouchers, Affordable Housing Managed Pipeline funding, and private financing, among others. There is no additional cost to the City, and no funding commitments are being made at this time.

### **FINANCIAL POLICIES STATEMENT**

The recommendations in this report comply with the City's Financial Policies.