

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: December 2, 2016

CAO File No. 0220-00540-1211

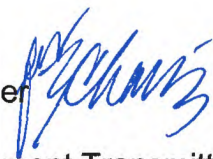
Council File No. 12-0049-S5;

12-0049-S11

Council District: Citywide

To: The Mayor
The Council

From: Miguel A. Santana, City Administrative Officer



Reference: Housing and Community Investment Department Transmittal dated October 17, 2016; Received by the City Administrative Officer on October 25, 2016; Additional Information Received through November 29, 2016

Subject: **REQUEST FOR AUTHORITY TO ISSUE REQUEST FOR QUALIFICATIONS AND PROPOSALS (RFQ/P) FOR AFFORDABLE HOUSING PROJECTS AND AUTHORITY FOR VARIOUS ACTIONS RELATED TO THE DISPOSITION AND DEVELOPMENT OF CITY-OWNED PROPERTIES**

RECOMMENDATIONS

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

1. Adopt recommendations A through G, I and J of the Housing and Community Investment Department (HCID) transmittal dated October 17, 2016;
2. Determine that the public interest or necessity requires the exchange of City-owned property at 557 Crocker Avenue to the Weingart Center for the Homeless without notice of sale or advertisement of bids; and,
3. Instruct HCID to report back with requests for amendments to the Estolano LeSar Perez Advisors, Inc. and Keyser Marston Associates, Inc. technical services contracts.

SUMMARY

The General Manager of the Los Angeles Housing and Community Investment Department (HCID) requests authority to: 1) issue a Request for Qualifications and Proposals (RFQ/P) for the disposition and development of seven City-owned properties; 2) issue an RFP for seven housing assets to select a qualified affordable housing owner/operator; 3) amend an existing Memorandum of Understanding (MOU) with the Economic and Workforce Development (EWDD) for two housing assets for the provision of economic development opportunities; 4) transfer the property located at 557 Crocker Avenue to the Weingart Center for the Homeless; and 5) amend contracts with Estolano LeSar Perez Advisors, Inc. and Keyser Marston Associates, Inc. and execute new contracts with consultants on the City Administrative Officer (CAO) pre-qualified

consultant list for the provision of technical services. HCID will report back with recommendations regarding the selection of qualified candidates from the RFQ/P for disposition and development of seven properties and RFP for affordable housing owner/operators for seven other properties. This Office concurs with most of HCID's request. We recommend that Council make a determination that the public interest or necessity requires the exchange of City-owned property at 557 Crocker Avenue to the Weingart Center for the Homeless (Weingart Center) without notice of sale or advertisement of bids, prior to requesting the City Attorney to prepare an ordinance authorizing the transfer of such property, in accordance with the Los Angeles Administrative code (LAAC) Section 7.27. Additionally, we recommend that HCID report back to Council with specific requests to amend existing technical services contracts for either time extensions and or increased compensation amounts.

557 Crocker Avenue Property

The HCID proposes to transfer City-owned property on 557 Crocker Avenue to the Weingart Center without a notice of sale or advertisement of bids, otherwise known as a "Private Sale." The Weingart Center is a nonprofit organization whose mission is to empower and transform lives by delivering innovative solutions to combat poverty and break the cycle of homelessness. The Weingart Center owns parcels of land that surround three sides of the City-owned property, and is currently leasing the property as a parking lot for their adjacent building where services are provided for the homeless.

The LAAC Section 7.27 provides that the City Council may determine that the public interest is best served or necessity requires the sale of City-owned real property without notice of sale or advertisement of bids. The HCID states that the transfer of property on 557 Crocker Avenue to the Weingart Center meets the conditions of LAAC Section 7.27 because: 1) the Weingart Center has released an RFP to select development partners and is in the process of finalizing a Joint Development Agreement with the selected development partner, and 2) the City parcel, which is 5,645 square feet, is too small to accommodate a separate affordable housing project.

Contracts for Technical Services

The Council allocated \$540,000 in program income from the Low and Moderate Income Housing Fund (LMIHF) No. 55J for technical services to plan, entitle, finance, develop and underwrite housing assets for disposition and development (C.F. 12-0049-S11). The HCID currently has two contracts with consultants from the CAO pre-qualified list of consultants for such technical services. HCID's contract with Estolano LeSar Perez Advisors, LLC for \$125,000 is for a term of 24 months from January 21, 2016 through January 20, 2018, and the contract with Keyser Marston Associates, Inc. for \$310,000 is for a term of 12 months from November 1, 2016 through October 31, 2017. Because there is more than 10 months remaining in the terms of these two contracts and there are sufficient funds in the LMIHF for current contract expenditures, this Office recommends that HCID report back with specific requests for amendments to the contracts, when needed.

The HCID is also requesting authority to execute new contracts with other consultants from the

CAO's pre-qualified list, included as Attachment C to HCID's report. The Department will utilize a Request for Bid (RFB) process, prepare a procurement request with scope of work and bid requirements, and solicit proposals for new contracts with consultants from the CAO's pre-qualified list. The HCID reports that the total amount for all technical services contracts will not exceed \$540,000, per C.F. 12-0049-S11. At this time, \$105,000 of the amount allocated for technical services is available for amendments and new contracts. If additional funding is needed, the HCID will return to Council for additional authority.

Next Steps

The Department will report back to Council with recommendations regarding the selection of qualified candidates from the RFQ/P and RFP. The recommendations could include requests to execute Exclusive Negotiation Agreements (ENA), Disposition and Development Agreements (DDA), and/or agreements for the selected candidates to purchase the properties from the City. The HCID intends to have the projects enter the managed pipeline to search for project funding. The Department states that it will return to Council if financing for the project requires approval. Potential funding sources for the projects include State tax exempt bonds, State tax credits, private financing, and the Affordable Housing Trust Fund, among others.

FISCAL IMPACT STATEMENT

There will be no impact to the General Fund. Funding for technical service contracts will be provided by the Low and Moderate Income Housing Fund No. 55J (\$540,000). The recommendations in this report are in compliance with the City's Financial Policies in that funding for technical services contracts is available within the identified funds, and no additional funding commitments are being made at this time. Potential project funding sources include State tax exempt bonds, State tax credits, private financing, and the Affordable Housing Trust Fund, among others.

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