

TRANSMITTAL

To: Council	DATE 10-30-17	COUNCIL FILE NO. 13-1090
From: Municipal Facilities Committee	COUNCIL DISTRICT All	

At its meeting of October 26, 2017, the Municipal Facilities Committee approved recommendations in the attached Office of the City Administrative Officer report and instructed staff to transmit to Council for consideration.

Fiscal Impact Statement: Approval of the recommendations in this report will have no impact on the General Fund. There will likely be an impact to the Affordable Housing Trust Fund for those development strategies that require additional subsidy beyond the value of the land.


Richard H. Llewellyn, Jr.
Interim City Administrative Officer
Chair, Municipal Facilities Committee

RHL:JVW:BA:15180036

Attachment

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 23, 2017

CAO File No. 0220-05292-0000
Council File No. 12-1549-S6, S7, S8,
S9; 15-1138-S20; and 15-0450-S1
Council District: 9, 14 & 15

To: Municipal Facilities Committee

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer

Subject: **Recommendations for the Disposition of Affordable Housing Opportunity Sites (AHOS Round 2)**

RECOMMENDATIONS

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

1. Authorize the Housing and Community Investment Department (HCID) General Manager, or designee, to release an RFQ/P or an RFP to select qualified developers for the disposition and development of these real estate assets owned by the City of Los Angeles and LADOT, to create affordable housing;
 - a. 249 N. Chicago, Boyle Heights, APN 5183-002-900, 01 & 02
 - b. 318 N. Breed, Boyle Heights, APN 5175-010-900
 - c. 8509 S. Broadway, Los Angeles, APN 6040-005-900
 - d. Kipling, Genevieve & Monte Bonito Drive, Eagle Rock, APN 5690-022-900 & adjacent portions of streets to the north and south of the property (future street vacations)
2. Instruct the HCID General Manager, or designee, to report back with recommendations regarding the selection of qualified candidates from the RFQ/P or RFP;
3. Authorize the HCID General Manager, or designee, to negotiate and execute an Exclusive Negotiation Agreement (ENA) and Disposition and Development Agreement (DDA) with Jovenes, Inc., a 501(c)(3) non-profit organization, for the transfer of property located at 1304 E. Pleasant Avenue and with LINC Housing, a 501(c)(3) non-profit organization, for the lease of property located at 452-462 W. 9th Street and 474 W. 8th Street;
4. Authorize the HCID General Manager, or designee, to request and collaborate with the City Attorney to prepare an ordinance authorizing the transfer of real property located at 1304 E. Pleasant Avenue to Jovenes, Inc. and the lease of the real property located at 452-462 W. 9th Street and 474 W. 8th Street to LINC Housing, subject to the approval of the City Attorney as to form;

5. Authorize the HCID General Manager, or designee, pursuant to Section 7.27 ("Private Sale") of the City's Administrative Code, to transfer the properties located at 1304 E. Pleasant Avenue and (together) 452-462 W. 9th Street and 474 W. 9th Street for their fair reuse values, subject to the conditions placed on the property by HCID for the development of affordable housing and/or permanent supportive housing for the homeless, without notice of sale or advertisement for bids to Jovenes, Inc., a 501(c)(3) non-profit organization and LINC Housing, a 501(c)(3) non-profit organization, and negotiate and execute Owners Participation Agreements (OPAs) with Jovenes, Inc. and LINC Housing, subject to the approval of the City Attorney as to form;
6. Authorize the HCID General Manager, or designee, to execute contracts with consultants on the pre-qualified list of consultants through a RFQ process administered by the Office of the City Administrative Officer (CAO) to provide technical services to plan, entitle, finance, develop and underwrite these housing assets, as authorized in C.F. 12-0049-S11, subject to review and approval by the City Attorney as to form, and compliance with all necessary City, State, and federal requirements.

BACKGROUND

In February 2016, a Comprehensive Homeless Strategy (CHS) was adopted by the City in response to the homelessness crisis in Los Angeles. In response to CHS' Strategy 7D, "Using Public Land for Affordable and Homeless Housing", HCID initiated a Public Land Development Program utilizing properties transferred to the City from the Community Redevelopment Agency of Los Angeles (CRA/LA), and the CAO initiated the Affordable Housing Opportunity Site (AHOS) program utilizing surplus city owned properties.

HCID and the CAO's Asset Management Group (AMG) have worked together to streamline the process of evaluating public properties and making them available through a competitive selection process for affordable housing development. HCID has entered into 22 Exclusive Negotiating Agreements (ENAs) with developers and has recently received authority for eight additional sites. In total, it is estimated the 30 public properties will create 1,566 new affordable housing units of which 797 will be Permanent Supportive Housing for the homeless.

AHOS Round 1

Using the Council approved Asset Evaluation Framework (C.F. 12-1549-S3), the CAO conducted the preliminary assessment of the City-owned sites identified in the FY 2016-17 Adopted Budget. Five of the eight sites that have been initially identified as potential affordable housing sites are moving forward through the Los Angeles Housing and Community Investment Department's Public Land Development Program. Two of the sites are expected to be included in the next Proposition HHH round.

AHOS Round 2

During 2017, the CAO AMG has continued to identify and conduct preliminary analysis on city-owned sites for potential housing development. Each of the sites identified were either vacant, surplus, City parking lots or underutilized. The sites in this report have been deemed suitable for affordable housing after a Council motion was issued by the respective council office requesting an assessment by the CAO AMG. A planning analysis, a title report and an appraisal have either been completed or are in process for these AHOS Round 2 sites.

DISPOSITION PLAN

This report recommends the following: four properties to be transferred to HCID and to be released as part of their overall strategy to develop affordable and permanent supportive housing throughout the City of Los Angeles and two properties to be transferred via direct sales to the identified non-profit organizations. The Los Angeles Administrative Code Section 7.27 ("Private Sale") permits sale of City-owned real property without notice of sale or advertisement for bids, provided that the City Council determines that the public interest or necessity requires such sale.

Affordable Housing Opportunity Sites & Disposition Recommendations

	Site Name	Address / APN	CD	Council File	Disposition
1	DOT Lot 713	249 N. Chicago 5183-002-900, 01 & 02	14 Huizar	15-1138-S20	Transfer to HCID
2	DOT Lot 682	318 N. Breed 5175-010-900	14 Huizar	15-1138-S20	Transfer to HCID
3	DOT Lot 641 & DOT Lot 647	456-462 9 th Street and 474 W. 8 th Street 7455-007-900, 902 & 903	15 Buscaino	15-0450-S1	Convey to LINC Housing
4	DOT Lot 678	8509 S. Broadway 6040-005-900	9 Price	12-1549-S7	Transfer to HCID
5	Aliso Triangle	1304 E. Pleasant Streets adjacent to: 5174-015-900	14 Huizar	12-1549-S8	Convey to Jovenes, Inc.
6	Kipling Triangle	No address 5690-022-900 & adjacent portions of streets to the north and south of the property	14 Huizar	12-1549-S9	Transfer to HCID

1. 249 N Chicago Street, DOT Lot 713, *POTENTIAL USE: AFFORDABLE AND SUPPORTIVE MULTI-FAMILY RENTAL*

The site, comprised of three separate and contiguous parcels is approximately 27,130 square feet (s.f.). It is currently utilized as a public parking lot and is adjacent to a range of commercial and multi-family residential uses. The site could yield as many as approximately 34 dwelling units, with a possible increase to approximately 46 dwelling units, if a maximum 35% density bonus is approved. An additional density bonus between 40%-70% based on proximity to transit could yield between 48 and 58 total units. Given that the subject property is currently used for public parking adjacent to a vital neighborhood shopping corridor, any redevelopment efforts should incorporate publicly accessible parking spaces.

2. 318 N. Breed Street, DOT Lot 682, *POTENTIAL USE: AFFORDABLE AND SUPPORTIVE MULTI-FAMILY RENTAL*

The site, comprised of two separate and contiguous parcels, is approximately 12,457 s.f. It is currently utilized as a public parking lot and is adjacent to a range of commercial and multi-family residential uses. The site could yield as many as 16 dwelling units, with a possible increase to approximately 21 dwelling units, if a maximum 35% density bonus is approved. An additional density bonus between 40%-70% based on proximity to transit could yield between 23 and 28 total units. Given that the subject property is currently used for public parking adjacent to a vital neighborhood shopping corridor, any redevelopment efforts should incorporate publically accessible parking spaces.

Development Potential:

This site can be developed in conjunction with 249 Chicago Street as a “scattered site” project. The benefits of a “scattered site” project include the ability to secure financing for both properties simultaneously; the ability to apply for entitlements at the same time for both sites; increased number of affordable units; a community engagement process for both properties as one project; increases in efficiency of management and potential construction costs savings resulting from economies of scale.

3. 456 – 462 W 9th Street and 474 W. 8th Street, DOT Lot 641 & DOT Lot 647 *CONVEY TO LINC HOUSING AS AN AFFORDABLE MULTI-FAMILY RENTAL PROJECT*

The site, comprised of 11 separate and contiguous parcels, is currently utilized as a public parking lot and is adjacent to a range of commercial and multi-family residential uses. Given the current zoning, the site could yield as many as 98 dwelling units, with a possible increase to approximately 133 dwelling units, if a maximum 35% density bonus is approved.

LINC Housing was the sole qualified respondent to a Request for Proposal issued by the Economic and Workforce Development Department (EWDD) at the direction of Council (C.F. 15-0450). LINC Housing submitted a proposal for a mixed-use affordable housing project that includes a retail component. Through this report, CAO is recommending that HCID proceed with an Exclusive Negotiation Agreement and Disposition and Development Agreement for the property.

4. 8509 S. Broadway, DOT Lot 678. POTENTIAL USE: AFFORDABLE AND SUPPORTIVE MULTI-FAMILY RENTAL

The approximately 22,766 s.f. site is currently improved with a surface parking lot, and is adjacent to low-scale commercial uses along Broadway, as well as low scale residential uses along Olive Street. Given the Community Commercial land use designation and [Q]C2-1 zoning, the site would currently allow for a residential project of approximately 56 dwelling units. With a Density Bonus this could go up to 76 dwelling units.

5. 1304 Pleasant Avenue, Aliso Triangle. CONVEY TO JOVENES, INC. AS AN AFFORDABLE MULTI-FAMILY RENTAL PROJECT

The site is comprised of a triangular parcel of approximately 1,800 s.f. that is improved as a public plaza and an additional 16,400 s.f. of the Progress Place and Pleasant Avenue public right-of-way. Some of the property may need to be set aside to maintain site access to neighboring properties.

The plaza site is currently zoned C2-2-RIO-CUGU. The zoning for this site is legally inconsistent with the Community Plan land use designation, which will be corrected in the pending Boyle Heights Community Plan update that is currently underway. Under the new zoning, the site would allow for approximately 22 market rate dwelling units. A Density Bonus would allow for a total of approximately 30 dwelling units with affordability restrictions. If the property was developed under Transit Oriented Community guidelines, it would allow for a total of 40 dwelling units with affordability restrictions.

The site is too small to be developable unless it is combined with the street vacation of the Progress Place and Pleasant Avenue right-of-way, which provides access to 411 N. Progress Place, 407 N. Progress Place, and 1206 N. Pleasant Avenue. All of these properties are owned by Jovenes, Inc. No other property owner could develop 1304 Pleasant Avenue, which is why a direct sale is recommended. Through this report, CAO is recommending that HCID proceed with an Exclusive Negotiation Agreement and Disposition and Development Agreement for the property.

6. Kipling Triangle. POTENTIAL USE: AFFORDABLE HOMEOWNERSHIP SITE

The site is comprised of a small triangular-shaped parcel that is roughly 1,175 s.f. and is unimproved. The subject site is also comprised of roughly 4,200 s.f. of Kipling Avenue public right-of-way, which is also unimproved, and which does not currently provide public access to adjacent properties. The zoning is R2-1.

The approximately 5,375 s.f. site would allow for a total of two dwelling units in a duplex. No Density Bonus is available, as a Density Bonus requires a minimum of five base dwelling units. If the property is zoned up to the more permissive RD1.5 zone, there would be four dwelling units allowed, which is still not enough to qualify for a density bonus. It is possible to enlarge the site by including adjacent streets if they are vacated, but that would require further analysis.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund for approval of the recommendations to transfer properties to HCID or to the non-profit organizations for the development of affordable housing. There will likely be an impact to the Affordable Housing Trust Fund for those development strategies that require additional subsidy beyond the value of the land. Proposition HHH, approved by voters on November 8, 2016, will allow the City to issue up to \$1.2 billion for supportive and affordable housing and will eliminate the wait for available funding for these types of projects. A full estimate of these costs and impact will be included with the Disposition and Development Agreement for each site, and submitted to the Council at the time of approval.

RHL:YC/JVW/BLM
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