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September 16, 2024

Council File: 18-0930
Council District: 1
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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 AUTHORITY TO EXTEND THE TERM OF AN EXCLUSIVE NEGOTIATION AGREEMENT WITH FRIENDS OF HOMEBOY FOR THE DEVELOPMENT OF AFFORDABLE HOUSING ON 901 AND 903 N. MAIN 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 property owned by the City of Los Angeles, with the purpose of maximizing the use of public land for the development of affordable housing.

Friends of Homeboy was selected via sole-source (C.F. No. 18-0930) to develop one Los Angeles Housing Department parcel at 901 and 903 N. Main St. On November 30, 2020, LAHD executed an ENA (City contract no. C-137462) with Friends of Homeboy for the two sites. The ENA was extended under the Mayor's Public Order dated April 17, 2020 (Mayor's Tolling Order) until the City Council lifted the COVID-related State of Local Emergency declaration on February 1, 2023. Subsequently, LAHD extended the ENA with Friends of Homeboy by the "Tolling Period" of 1,075 days, for a new ENA expiration date of November 4, 2024.

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 an additional one-year term, with a new expiration date of November 4, 2025, with the option for the General Manager of LAHD to extend the ENA an additional year with an expiration date of

November 4, 2026, 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, for the property located at 901 and 903 N. Main St (APN 5409-008-909.)

BACKGROUND

In response to the City's affordable housing crisis and to meet the City's objective of creating new affordable housing, LAHD created the Land Development program to develop publicly-owned land into affordable housing. This program oversees the disposition of properties transferred to LAHD from the former Community Redevelopment Agency of Los Angeles, the Los Angeles Department of Transportation (LADOT), as well as surplus land identified by the Office of the City Administrative Officer (CAO) as part of the Affordable Housing Opportunity Sites (AHOS) program, and leverages such properties for the creation of affordable or supportive housing across the City.

Public Land Development Process

Developers are normally selected through a Request for Proposals (RFP) or Request for Qualifications (RFQ). The RFP/Q outlines the requirements and scoring rubric to select the proposal that will maximize the use of the publicly-owned land for the development of affordable housing. Once selected, the developers enter into an Exclusive Negotiation Agreement (ENA) with the City, through LAHD. This allows the developer to begin to consult with the respective Council Office, engage in community outreach to stakeholders, apply for entitlements and participate in the financial underwriting process with City selected consultants, and negotiate key business terms and conditions. After the ENA, LAHD prepares a request for authority to execute a DDA based on the approved terms and conditions. The executed DDA allows the developer to apply for and secure additional financing in order to produce the proposed affordable housing development.

Homeboy Project

On October 26, 2018, the City Council selected Friends of Homeboy to develop 901 and 903 N. Main St., should the property be determined suitable for a long-term ground lease and use of the site to provide support services and transitional housing (C.F. No. 18-0930.) Homeboy Industries owns the sites adjacent to 901 and 903 N. Main St. and seeks to use the City parcels to expand its offices for support services and add transitional and permanent housing for the benefit of Homeboy Industries program participants and staff. On February 21, 2019, the Board of Directors of Homeboy Industries adopted a resolution appointing Friends of Homeboy, LLC as their designee to negotiate, finalize and enter into a ground lease with the City for the site, allowing Homeboy Industries to maintain their focus on client services. On June 19, 2019 Council authorized LAHD to negotiate and execute an ENA with Friends of Homeboy (C.F. No. 18-0930) for the property at 901 and 903 N. Main St. LAHD executed an ENA (City contract no. C-137462) with Friends of Homeboy for the two sites on November 30, 2020. LAHD, in coordination with its consultants, is currently negotiating key business terms and conditions for the affordable housing development. The proposed development is complex because it includes the merging of City-owned land with privately-owned land which complicates required affordability covenants, the construction of both transitional as well as permanent housing that interact with multiple programs and services, and financing of a project entirely through private donations with the exception of the below-market City ground lease.

The extension of the ENA is necessary to allow time to for LAHD staff to finalize the terms of the project with the development team.

FISCAL IMPACT

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

Approved By:

ANN SEWILL
General Manager
Los Angeles Housing Department