

TRANSMITTAL

To: **THE COUNCIL**

Date: **11/03/23**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in black ink, appearing to read "Chris Thompson", with a long horizontal flourish extending to the right.

(Chris Thompson) for

KAREN BASS
Mayor

Ann Sewill, General Manager
Tricia Keane, Executive Officer

Daniel Huynh, Assistant General Manager
Anna E. Ortega, Assistant General Manager
Luz C. Santiago, Assistant General Manager

City of Los Angeles



Karen Bass, Mayor

LOS ANGELES HOUSING DEPARTMENT
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Tel: 213.808.8808
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October 4, 2023

Council File: NEW
Council Districts: CD 7
Contact Persons: Mark Gandara: (213) 808-8677
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Honorable Karen Bass
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: Heleen Ramirez, Legislative Coordinator

COUNCIL TRANSMITTAL: LOS ANGELES HOUSING DEPARTMENT REQUEST FOR APPROVAL TO ISSUE A REQUEST FOR PROPOSALS FOR THE DISPOSITION OF AND OPERATION OF AFFORDABLE HOUSING ON AN OCCUPIED RESIDENTIAL CITY-OWNED PROPERTY AT 12157 SAN FERNANDO ROAD, SYLMAR, CA 91342

SUMMARY

The General Manager of the Los Angeles Housing Department (LAHD) respectfully requests that your office review and approve this transmittal and forward it to the City Council for further consideration. Through this transmittal, LAHD seeks approval, and requests authority to release a Request for Proposals (RFP) to select a qualified affordable housing developer for the disposition of and operation of affordable housing on an occupied residential City-owned property at 12157 San Fernando Road, Sylmar, CA 91342.

RECOMMENDATIONS

- I. That the Mayor review this transmittal and forward to the City Council for further action;
- II. That the City Council, subject to the approval of the Mayor:
 - A. AUTHORIZE the General Manager of LAHD, or designee, to draft and release an RFP to select a qualified affordable housing provider to own, rehabilitate, and manage the housing asset currently owned by LAHD at 12157 San Fernando Road, Sylmar, CA 91342; and,
 - B. INSTRUCT the General Manager of LAHD, or designee, to report back with recommendations regarding the selection of qualified candidates from the RFP in Recommendation A.

BACKGROUND:

In response to the City’s affordable housing crisis, LAHD oversees the disposition of certain City-owned properties deemed suitable for affordable housing development. These include properties transferred to LAHD from the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA), properties transferred from other City departments, and sites acquired through foreclosure. Properties acquired by LAHD or foreclosed upon by LAHD are referred to as Real Estate Owned (REO).

The REO property at 12157 San Fernando Road, Sylmar, CA 91342, has 38 occupied units and is in need of rehabilitation. It was acquired through foreclosure in December 2021 due to the borrower’s inability to make scheduled payments on a loan issued to Harbour Community, LP in 1995. The property is further encumbered by a \$1,000,000 surplus cash loan from the California Department of Housing & Community Development (HCD) that matures in 2057. This property is also subject to three separate regulatory agreements with LAHD, the Community Redevelopment Agency (CRA/LA), and HCD. The most restrictive terms of the regulatory agreements require that units be made available to families as follows: 1) 29 units at or below 35% Area Median Income (AMI); and 2) 9 units at or below 50% AMI. New owners would be required to assume the HCD debt and the covenants with HCD, CRA/LA, and LAHD; this will be further detailed in the RFP development process.

RECOMMENDATION:

LAHD seeks to transfer ownership of the property to an experienced affordable housing provider that will maintain the property as affordable housing and in good repair. In order to achieve these goals, LAHD will issue an RFP that will consider both purchase price and a proposed rehabilitation plan for the property. Proposals will also be asked to demonstrate the capacity to rehabilitate and manage the property without displacing or creating disruption to the current tenants. This will further the City’s housing goal of preserving affordable housing consistent with the City’s Enhanced Comprehensive Homeless Strategy 4.8.

LAHD will prepare an RFP reflecting the Property Details in Table 1 and provide a subsequent report back on the organization selected through the RFP process, including the estimated market value of the property and a request for authorization to enter into an agreement with a qualified organization to purchase the property from the LAHD portfolio.

TABLE 1: Property Details					
ADDRESS/NAME	APN	ZONING	COUNCIL DISTRICT	SQUARE FEET	USE
12157 N. SAN FERNANDO RD / HARBOUR COMMUNITY HOUSING	2611-010-006	C2-2D-CPIO	7	42,862	Acquire, rehabilitate, and manage an occupied 38-unit multifamily rental property as affordable housing

FISCAL IMPACT

There is no impact to the General Fund.

Approved By:

A handwritten signature in black ink, appearing to read "Ann Sewill". The signature is written in a cursive style with a prominent loop at the end.

ANN SEWILL
General Manager
Los Angeles Housing Department