

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
1910 Sunset Blvd, Ste 300
Los Angeles, CA 90026
Tel: 213.808.8808

housing.lacity.org

July 22, 2024

Council File: 16-0600-S145
Council District: 1
Contact Persons: Jackie Cornejo (213) 928-9050
Mariano Napa (213) 999-1265
Eric Claros (323) 273-5336

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 WOMEN ORGANIZING RESOURCES KNOWLEDGE AND SERVICES (WORKS) AND GTM HOLDINGS FOR THE DEVELOPMENT OF AFFORDABLE HOUSING ON VARIOUS CITY-OWNED PROPERTIES

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.

Women Organizing Resources Knowledge and Services (WORKS) and GTM Holdings were selected through a competitive Request for Proposals (RFP) process to develop five Los Angeles Department of Transportation (LADOT) parcels. The five sites were designated as Affordable Housing Opportunity Sites (AHOS) on June 3, 2016 (C.F. No. 16-0600-S145).

LAHD previously reinstated and amended the Exclusive Negotiation Agreement (ENA) related to the five sites, to extend the expiration date for one year, with an effective date of August 4, 2023 and expiring on August 4, 2024 (Attachment A) On the site located at 216-224 S. Avenue 24 (Grace Villas project), LAHD is currently in the process of negotiating a Development and Disposition Agreement (DDA), which is anticipated to be executed by the August 4, 2024 expiration date. Although this project does not anticipate needing an ENA extension, it is nonetheless included in this request since it is part of the same ENA as the other four sites.

For the other four sites, the developer requires an additional ENA term extension to continue the due diligence process (see Table 1).

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, 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 five properties located at 2332-2336 N. Workman St. (APN 5204-016-901); 151-164 S. Avenue 24 St., (APN 5204-005-901); 216-224 S. Avenue 24 (APN 5204-005- 901); 2331-2337 N. Workman St., (APN 5204-011-903; and 2416-2422 N. Workman St. (APN 5204- 015-901);
 - B. DETERMINE that the Grace Villas project qualifies for an Affordable Housing Exemption as set forth in Section 15194 of the State CEQA Guidelines and meets the threshold requirements set forth in Section 15192 of the State CEQA Guidelines, as previously determined by the Planning Director on December 12, 2022 (Planning No. ENV-2022-7635-SE); and
 - C. DETERMINE that the action to extend the term of the ENA for the other four sites qualifies for a Categorical Exemption as set forth in Section 15306 of the State CEQA Guidelines and meets the requirements set forth in Section 15306 of the State CEQA Guidelines.

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. LAHD moves next to request authority to execute a DDA based on the approved terms and conditions. The executed DDA allows the

developer to apply and secure additional financing in order to produce the proposed affordable housing development.

Grace Villas Project

On June 25, 2016, the CAO released an RFQ/P related to the disposition and development of five sites owned by the LADOT, to maximize the use of public land for the development of affordable housing with a submission deadline of September 15, 2016. LAHD recommended the selection of the Grace Villas Developers after reviewing and scoring each proposal. On December 13, 2017, the City Council and Mayor approved this selection and authorized LAHD to negotiate and execute an ENA with the Grace Villas Developers team (C.F. No. 16-0600- S145) for the property at 216-225 S Avenue 24. Since then, LAHD, in coordination with its consultants, negotiated key business terms and conditions for the affordable housing development. These key terms and conditions were approved by LAHD and agreed to by the development team. The project will provide 47 affordable housing units, of which, 22 units will be restricted to special needs households. On December 21, 2022, the Grace Villas Developers were approved by the Director of Planning for a land use entitlement to allow the site to be developed with the proposed 48-unit project through the Transit Oriented Communities Program (DIR-2022-7634-TOC-CDO-PHP-HCA). On April 25, 2023, the City Council and Mayor approved the admittance of the Grace Villas project into the Affordable Housing Managed Pipeline (C.F. No. 22-0876-S1). On June 30, 2023, the City Council and Mayor approved a funding award of \$5,706,050 for this project (C.F. No. 22-0876- S2). On December 12, 2023 City Council approved the reinstatement of the ENA for all five (5) Lincoln Heights lots and authorized LAHD to negotiate a DDA. On April 15, 2024, City Council approved an award in the amount of \$6,720,000 under the ULA Accelerator Notice of Funding Availability. LAHD is in the process of negotiating a DDA as part of its application under the Round Two 9% Low Income Tax Credit program, which is due July 2, 2024.

Other Lincoln Heights City-Owned Properties

As previously mentioned, on December 12, 2023, the City Council approved the reinstatement of the ENA for all five (5) Lincoln Heights lots, in anticipation of needing additional time to complete the due diligence process for their sites. Therefore, LAHD is requesting an additional one-year ENA Extension for the sites listed below:

TABLE 1, LINCOLN HEIGHTS LAND DEVELOPMENT SITES				
Project Address	Project APN	ENA Expiration Date	LAHD ENA Extension Exercised?	New Expiration Date
2332-2336 N. Workman St.	5204-016-901	August 4, 2024	Yes	August 4, 2025
151-164 S. Avenue 24	5204- 005-901			
216-224 S. Avenue 24	5204-005- 901			
2331-2337 N. Workman St.	5204-011-903			
2416-2422 N. Workman St.	5204- 015-901			

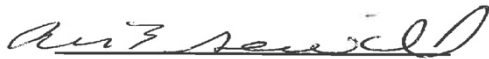
For the site at 2332-2336 N. Workman St (APN 5204-016-901) the Developer is proposing an affordable housing development project for up to 55 units, with a mix of studio and 1-bedroom units, targeting low-income seniors, with five parking spaces for staff; and for 2416-2422 N. Workman St. (APN 5204-015-901) the Developer is proposing a mixed affordable and permanent supportive housing development project

of up to 55 units, with up to six stories in height. Details are not yet determined for the properties at 151-164 S. Avenue 24 (APN 5204- 005-901, shared with Grace Villas) and 2331-2337 N. Workman St (APN 5204-011-903).

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:

A handwritten signature in black ink, appearing to read "Ann Sewill", written over a horizontal line.

ANN SEWILL
General Manager
Los Angeles Housing Department

ATTACHMENT:

Attachment A - Reinstated Exclusive Negotiation Agreement

REINSTATEMENT AND AMENDMENT
TO AGREEMENT NUMBER C-130926 OF CITY OF LOS ANGELES CONTRACT
BETWEEN
THE LOS ANGELES DEPARTMENT OF TRANSPORTATION,
THE LOS ANGELES HOUSING DEPARTMENT
AND
GTM HOLDINGS, LLC AND WOMEN ORGANIZING RESOURCES, KNOWLEDGE
AND SERVICES

RELATING TO EXCLUSIVE NEGOTIATION AGREEMENT FOR DEVELOPMENT OF
CITY-OWNED PROPERTIES LOCATED AT 2332-2336 NORTH WORKMAN STREET,
2338-2340 NORTH WORKMAN STREET, 216-224 SOUTH AVENUE 24, 2331-2337
NORTH WORKMAN STREET AND 2332-2338 NORTH DALY STREET, 2416-2422
NORTH WORKMAN STREET, AND 154-164 SOUTH AVENUE 24.

THIS REINSTATEMENT AND AMENDMENT to Agreement Number C-130926 of the City of Los Angeles Contract, previously extended per Extension to Exclusive Negotiation Agreement on March 8, 2018, is made and entered into this 4th day of August, 2023 by and between GTM HOLDINGS, LLC and WOMEN ORGANIZING RESOURCES, KNOWLEDGE AND SERVICES ("WORKS") (jointly, the "Developer"), and the LOS ANGELES DEPARTMENT OF TRANSPORTATION ("DOT") and LOS ANGELES HOUSING DEPARTMENT ("LAHD") (jointly, the "CITY").

RECITALS

A. The CITY and the DEVELOPER (collectively referred to as "Parties", or if referred to in the singular form "Party") have entered into an Exclusive Negotiation Agreement wherein the Parties agreed to negotiate exclusively for the development of an affordable housing project at the site in Los Angeles with the common addresses of 2332-2336 NORTH WORKMAN STREET, 2338-2340 NORTH WORKMAN STREET, 216-224 SOUTH AVENUE 24, 2331-2337 NORTH WORKMAN STREET AND 2332-2338 NORTH DALY STREET, 2416-2422 NORTH WORKMAN STREET, AND 154-164 SOUTH AVENUE 24 ("ENA"). The effective date of the ENA is March 8, 2018, as subsequently extended effective February 26, 2020; and

B. The ENA has expired on August 4, 2023. The Parties are desirous of reinstating and amending the ENA as authorized by the City Council and the Mayor (refer to Council File Number 16-0600-S145 approved by City Council on September 19, 2023 which authorizes the General Manager of the LAHD to prepare and execute this Reinstated and Amended Exclusive Negotiation Agreement (with all amendments, the

“Agreement”) with the effective date of August 4, 2023 and extend the term of the Negotiating Period until August 4, 2024; and

C. Section 2 of the ENA provides for amendments to the ENA; and

D. This reinstatement and amendment of the ENA is necessary and proper to continue and/or complete certain activities authorized under the ENA.

NOW, THEREFORE, the Parties agree that the ENA be reinstated effective August 4, 2023 and amended as follows:

REINSTATED AND AMENDED AGREEMENT

- §1. Reinstates the ENA with the effective date of August 4, 2023 and amend it to extend the period of negotiation until August 4, 2024.
- §2. Except as herein amended, all terms and conditions of the ENA shall remain in full force and effect.
- §3. This Agreement is executed in three (3) duplicate originals, each of which is deemed to be an original. This Agreement includes three (3) pages which constitute the entire understanding and agreement of the parties.
- §4. Unless otherwise prohibited by law or City policy, an electronic or scanned signature shall have the same force and effect as an original ink signature. For the purposes of this Agreement, “electronic signature” is an electronic identifier, created by computer, attached or affixed to or logically associated with an electronic record, executed or adopted by a person with the intention of using it to have the same force and affect as the use of a manual signature, and “scanned signature” is a manual signature that has been placed on a document that has been scanned into an electronic record.

[Remainder of page intentionally left blank.]

[Signatures begin on next page.]

IN WITNESS WHEREOF, LADOT, LAHD AND DEVELOPER have signed this Reinstated and Amended Agreement as of the dates set forth below.

LADOT
Los Angeles Department of Transportation

By:  for LRC Date: 1/3/2024
Laura Rubio-Cornejo, General Manager

Approved as to form:
HYDEE FELDSTEIN SOTO
City Attorney

By:  Date: 12/23/2023
Deputy City Attorney, General Counsel Division-LADOT

LAHD
Los Angeles Housing Department

By: Daniel Huynh Digitally signed by Daniel Huynh Date: 2023.12.19 Date: _____
Daniel Huynh, Assistant General Manager

Approved as to form:
HYDEE FELDSTEIN SOTO
City Attorney


By:  Date: 12-20-23
Deputy City Attorney, Housing Division


ATTEST:
HOLLY WOLCOTT, CITY CLERK

By:  Date: 01/04/2024
Deputy City Clerk



GTM Holdings, LLC
A California Limited Liability Corporation

By:  Date: 11-2-2023
Mark Walther
CEO, President and Secretary

By:  Date: 11-2-2023
Michelle Walther
Manager and Executive Vice President

Women Organizing Resources, Knowledge and Services (WORKS)
A California nonprofit public benefit corporation

By:  Date: 11-2-2023
Mary-Jane Wagle
Co-Executive Director and Board Chair

By:  Date: 11-2-2023
Channa Grace
President and Co-Executive Director