

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 20, 2018

CAO File No. 0220-05440-1314
Council File No. 12-0049-S5;
12-0049-S9;
12-0049-S10;
12-0049-S13;
15-0450-01
Council District: Citywide

To: The Mayor
The Council

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

RHL
RW

Reference: Housing and Community Investment Department (HCID) transmittal dated October 31, 2018; Received by the City Administrative Officer on November 5, 2018; Additional Information Received through November 20, 2018

Subject: **REQUEST FOR APPROVAL TO EXECUTE DISPOSITION AND DEVELOPMENT AGREEMENTS AND OWNERS PARTICIPATION AGREEMENTS FOR THE DEVELOPMENT OF AFFORDABLE HOUSING ON CITY-OWNED PROPERTY**

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor, authorize the General Manager, Housing and Community Investment Department (HCID), or designee, to:

1. Negotiate and Execute Disposition and Development Agreements with the selected developers for the following properties in substantial conformance with the Form of Agreement (Attachment E of HCID's transmittal dated October 31, 2018, or Report) and based on the Key Terms and Conditions negotiated with each developer (Attachments A and B of HCID's Report):
 - a. 619, 623, 627 & 629 S. Westlake Avenue (Council District One), and
 - b. 5215 & 5260 S. Figueroa Street (Council District Nine);
2. Report back to Council once the California Environmental Quality Act of 1970 (CEQA) review for the following properties are complete:
 - a. 206 E. Washington Boulevard (Council District Nine), and
 - b. 462 W. 9th Street (Council District 15); and,

3. Prepare Controller instructions and any necessary technical corrections consistent with the Mayor and Council action on this matter, subject to the approval of the City Administrative Officer.

SUMMARY

The Housing and Community Investment Department (HCID) requests authority to execute Disposition and Development Agreements (DDA) or Owner Participation Agreements (OPA) with developers selected through competitive Request for Proposals (RFP) or Request for Qualification/Proposals (RFP/Q) processes that include the agreement to convey the housing asset (public land) for affordable housing development. Subsequent to the release of the HCID transmittal dated October 31, 2018 (Report), the Department requested to remove two of the four proposed properties for consideration because the California Environmental Quality Act of 1970 (CEQA) reviews are not complete. The properties without CEQA approval are: 1) 206 E. Washington Boulevard in Council district Nine, and 2) 462 W. 9th Street in Council District 15. The recommendations in this report reflect negotiating and executing DDAs for only two properties: 1) 619, 623, 627 & 629 S. Westlake Avenue (Westlake project) in Council District One, and 2) 5215 & 5260 S. Figueroa Street (Figueroa project) in Council District Nine, and recommend that HCID report back to Council on the other two properties once the CEQA reviews are complete. Approval of the recommendations in this report would commit public land valued at over \$7.6 million, and result in 102 affordable housing units, of which 30 are for supportive housing. This Office concurs with the recommendations of the Department, as amended.

Project Financing

The HCID reports that the Westlake project is applying for funding through the California Department of Housing and Community Development's Affordable Housing and Sustainable Communities Program and the City's HHH Supportive Loan Program. Both programs require that a DDA be fully executed in order to apply for or receive funding. In June of 2018, the Council approved a \$1 million residual receipts loan funded by the University of Southern California Settlement Agreement (C.F. 12-0968-S4) for the Figueroa project.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The recommendations in this report are in compliance with the City's Financial Policies in that there is no additional cost to the City, and no additional funding commitments are being made at this time. Potential project funding sources include State tax-exempt bonds, State grants and/or loans, State tax credits, private financing, the Affordable Housing Trust Fund, and a HHH Supportive Housing Loan, among others.