

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 01, 2023

CAO File No. 0220-00540-1671

Council File No. 16-0600-S145

Council District: 1

To: The Mayor
The Council

From: Matthew W. Szabo, City Administrative Officer

Reference: Los Angeles Housing Department transmittal dated July 24, 2023; Received by the City Administrative Officer on July 24, 2023; Additional information received through August 31, 2023

Subject: **REQUEST FOR APPROVAL TO EXTEND THE EXCLUSIVE NEGOTIATION AGREEMENT FOR THE DEVELOPMENT OF AFFORDABLE HOUSING ON MULTIPLE CITY-OWNED PROPERTIES, INCLUDING THE PROPERTY LOCATED AT 216-224 SOUTH AVENUE 24, AND VARIOUS RELATED ACTIONS**

RECOMMENDATIONS

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

1. Note and file the Los Angeles Housing Department (LAHD) transmittal, dated July 24, 2023 (Report), relative to executing a disposition and development agreement for the development of affordable housing on the City-owned property located at 216-224 South Avenue 24, and authority for related actions for other City-owned properties;
2. Authorize the General Managers of the LAHD and Los Angeles Department of Transportation, or designees, to enter into a reinstated and amended Exclusive Negotiation Agreement for the sites listed in Table 1, with Women Organizing Resources Knowledge and Services (WORKS) and GTM Holdings, LLC, that will be effective retroactively from August 4, 2023 for a term of one year expiring on August 4, 2024, subject to review and approval by the City Attorney as to form; and,
3. 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).

SUMMARY

In its transmittal, dated July 24, 2023 (Report), the Los Angeles Housing Department (LAHD) requests authority for various actions related to the development of affordable housing on City-owned property. This includes requests to: 1) negotiate and execute a Disposition and Development Agreement (DDA) and a Ground Lease with the selected developers for the property located at 216-224 S. Avenue 24 (Grace Villas); 2) declare the Grace Villas project property is “exempt surplus land” to ensure compliance with the requirements of the Surplus Land Act (SLA); and, 3) reinstate and extend the term of the Exclusive Negotiation Agreement (ENA) of multiple City-owned sites for an additional one-year term, with an effective date retroactive to August 4, 2023. The LAHD is also requesting that Council authorize the General Manager of the Los Angeles Department of Transportation (DOT), or designee, to effectuate a non-financial transfer of jurisdiction and control of the City-owned site located at 216-224 South Avenue 24 to LAHD for the development of affordable and supportive housing three months before construction begins. Subsequent to the release of its Report, the LAHD was alerted about discussions between this Office, the Office of the City Attorney, and DOT regarding the management of Special Parking Revenue Fund (SPRF) parking lots, and how the transfer of jurisdiction and other actions may require review and approval from the Board of Transportation Commissioners (BOTC). The LAHD’s request to extend the term of the ENA for multiple DOT sites was heard and approved by the BOTC at a special meeting that took place on August 28, 2023. The other recommendations pertaining to the transfer of jurisdiction, executing a DDA, and the SLA in the LAHD Report will not be addressed at this time since they are pending consideration by the BOTC. Alternatively, the recommendations may be submitted for Council’s consideration and approval under a separate report if this Office receives additional or clarifying guidance indicating that a BOTC review is no longer needed. Subsequent to the release of its Report, the LAHD also requested to rescind its request related to the ENA for a Real Estate Owned property managed by LAHD. This report will focus on LAHD’s request to extend the term of the ENA for the five sites for an additional one-year term, with a date retroactive to August 4, 2023, and related actions.

The LAHD is requesting authority to extend the term of the ENA for the five sites/parking lots owned and operated by the DOT. On December 13, 2017, the Council and Mayor authorized the LAHD to negotiate and execute an ENA with Women Organizing Resources Knowledge and Services and GTM Holdings (Developers), who were selected from a Request for Qualifications/Proposals (RFQ/P) process conducted by the City Administrative Officer (CAO) for the disposition and development of the five sites owned by the DOT (C.F. No. 16-0600-S145). The LAHD entered into an ENA with the qualified Developers on March 7, 2018. As described in the LAHD Report, the term of the ENA for the five sites was extended to August 4, 2023 due to the COVID-19 pandemic tolling order. The LAHD is requesting to reinstate and extend the term of the ENA by one year in order allow the City to secure the appropriate approvals for the disposition and development of the Grace Villas site, one of the five sites, and for the Developers to continue to perform due diligence on the remaining four parcels. Additional information regarding the RFP/Q process, the Grace Villas site, and the tolling order is included in the LAHD Report. Table 1 below lists the parcels/properties the LAHD is requesting an ENA term extension for.

TABLE 1 - LAND DEVELOPMENT SITES				
Project (Address, Assessor Parcel No.)	ENA Expiration date	LAHD ENA Extension Exercised?	Expiration date per Tolling Order	New Expiration Date
Lincoln Heights 2332-2336 N.Workman St., (5204-016-901); 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)	August 24, 2020	Yes	August 4, 2023	August 4, 2024

Environmental Clearance

The Department of City Planning (DCP) issued a California Environmental Quality Act of 1970 (CEQA), Notice of Exemption for the site located at 216-224 South Avenue 24 on January 9, 2023. It was determined that the site and proposed 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). Subsequent to the release of the LAHD Report, the LAHD requested a technical revision to include the CEQA recommendation in this report.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund associated with the recommendations stated in this report. The Council and Mayor previously approved a funding award in the amount of \$5,706,050 from the HOME Investment Partnerships Program Fund for the Grace Villas project. No additional funding commitments are recommended at this time. Potential project funding sources include State grants, loans or tax credits, federal grants, and private financing, among others.

FINANCIAL POLICIES STATEMENT

The recommendations stated in this report comply with the City's Financial Policies.