

department of economic opportunity

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September 24, 2024

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AUTHORIZE THE EXECUTION OF AN EXCLUSIVE
NEGOTIATING AGREEMENT WITH LINC HOUSING
CORPORATION FOR THE POTENTIAL NEW HIGH
VILLAGE DEVELOPMENT PROJECT (DISTRICT 1)
(3 VOTES)**

SUBJECT

This letter recommends the negotiation and execution of an Exclusive Negotiation Agreement by and among the County of Los Angeles and Linc Housing Corporation to negotiate the terms for the potential development of Los Angeles County Parking Lot 45 in the Chinatown community of the City of Los Angeles, located at 725 N. Spring Street, Los Angeles, CA 90012.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed actions are not a project under the California Environmental Quality Act (CEQA) for the reasons set forth below.
2. Authorize the Director of the Department of Economic Opportunity (DEO), or her designee, to:
 - a. Execute the proposed Exclusive Negotiation Agreement (ENA) between County of Los Angeles (County) and Linc Housing Corporation (Developer), approved as to form by County Counsel, for an initial 24-month term, and to extend the term of the proposed ENA for a maximum of up to two 180-day ENA extension periods, if needed, to negotiate the potential development of County-owned land, located at 725 N. Spring Street, Los Angeles, CA 90012, commonly known as Los Angeles County Parking Lot 45 (Project Site).

- b. Execute any and all related or ancillary documents or amendments to the ENA necessary to effectuate the action authorized hereby.
- c. Collect deposits and fees in connection with the terms of the ENA, and to administer the expenses and accounting associated with the ENA.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to authorize the execution of the proposed ENA, presented in substantially final form, between the County and the Developer, which will allow for the negotiation of the potential development of an affordable housing project on the Project Site. The County, by and through the DEO, will manage the predevelopment phase of the proposed mixed-use project comprised of affordable housing, community-oriented commercial or economic opportunity spaces, open space, and adequate parking. The predevelopment phase activities include overseeing or participating in the following activities established under the ENA Schedule of Performance (Exhibit C); overseeing the entitlement process and timeline, reviewing proposed financing structure and project plans, managing the right of entry agreement, reviewing the outreach plan and participating in outreach activities, and negotiating the terms for a potential Option to Lease Agreement.

The Project Site consists of approximately 73,420 square feet and currently contains 212 parking spaces ("Property"). On January 23, 2024, the Board authorized the release of a Request for Proposals (RFP) for the potential development of the Los Angeles County Parking Lot 45 and declared it exempt surplus land under the Surplus Land Act.

The County's goal for the Project Site, which was determined after a series of listening sessions and surveying of the surrounding community and local stakeholders, is to develop a mixed-use project comprised of affordable housing, community-oriented commercial or economic opportunity spaces, open space, and adequate parking.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS/NEXT STEPS

The County is interested in entering into an ENA with the Developer to determine if the parties can reach an agreement on the terms of the potential development of the Project Site with a mixed-use project comprised of affordable housing, which may include 300 residential units with a community-oriented commercial or economic opportunity spaces, open space and adequate parking.

Developer was selected through a Request for Proposals (RFP) process, and as part of its proposal, Developer envisions a mixed-use development that respects and celebrates the rich cultural heritage of Chinatown by providing deeply affordable, service-enriched homes for disadvantaged families that maximizes density and green building techniques, creates open space, and improves access to public transit. The Developer has proposed that half of the residential units be set aside for households earning at or less than 30% of the Area Median Income (AMI), while the other half be set aside for households earning at or less than 45% of AMI. The 359,603 sq. ft. of potential development space is proposed to include:

- 169,190 sq. ft of Family Housing (144 units)

- 133,763 sq. ft of Senior Housing (156 units)
- 10,611 sq. ft of ground floor retail
- 9,144 sq. ft of community/retail facilities
- 57,554 sq. ft of open space
- 56,650 sq. ft of parking providing 120 parking stalls, 187 bicycle stalls, and storage.

During the ENA process, Developer will be responsible for deploying a culturally sensitive community outreach plan, integrating themselves within the surrounding community, and preparing a workforce development strategy to cultivate economic opportunities for local residents. The County's project management team will work with other relevant County Departments, the community, and consultants throughout all aspects of the predevelopment process and seek to negotiate and finalize all elements of the proposed project.

Over the past 40 years, the Developer has developed nearly 10,000 homes across 96 housing communities in California, including 41 completed projects in Los Angeles County. The Developer's core team is comprised of multidisciplinary experts in architecture, landscape architecture, development, operations, supportive services, entitlements & land use, community engagement, and property management.

The ENA will include the following terms:

- An initial term of 24 months with an option to extend the term for a maximum of two 180-day periods, if needed.
- A non-refundable ENA fee of \$50,000, which shall be replenished once the balance is depleted by 75%, to cover transaction expenses.
- The Developer is solely responsible for any expenses it incurs to assess the feasibility of the proposed Project Site.

If negotiations with the Developer are successful, DEO will return to the Board with an Option to Lease Agreement for review and approval.

ENVIRONMENTAL DOCUMENTATION

The recommended actions are not considered a project under CEQA because they are excluded from CEQA's definition of a project. The activities are administrative activities of government and will not result in physical changes to the environment or reasonably foreseeable indirect changes to the environment pursuant to Section 15378(b) of the State CEQA Guidelines. By authorizing the recommended actions, the County is not approving or committing to the development of any project under CEQA and will not result in direct or indirect physical changes to the environment. No commitment to any project is being made at this time. No activity that would constitute a project under CEQA will commence unless the Board takes further action to consider appropriate environmental documentation and make appropriate findings pursuant to CEQA in connection with an approval of a project.

CONTRACTING PROCESS

Linc Housing Corporation was procured through an RFP issued by DEO on January 23, 2024. An addendum was issued on March 19, 2024 in response to questions submitted. The proposal submission deadline for the RFP was April 22, 2024.

As a result of the RFP, the County received a total of six proposals. The proposals were evaluated based on the following criteria described in the RFP:

1. Proposer Qualifications Criteria & Capability to Implement the Project
2. Financial Capacity
3. Project Design/Concept & Narrative Description
4. Project Financing Strategy
5. Community Benefits Strategy

A community advisory committee was convened to review the respondents' community benefits strategies and provide comments and recommendations for reference by the Evaluation Committee. Subsequently, an Evaluation Committee, comprised of four subject matter experts in the fields of affordable housing, land development, finance, and administration convened to review and provide summary scores for each proposal. The selected Developer was responsive to the vision and expectations described in the Objectives and Goals that were part of the RFP, and their proposal received the highest score.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended actions support Strategy I.1.5, Increase Affordable Housing Throughout L.A. County; Strategy II.1, Drive Economic and Workforce Development in the County; Strategy II.1.2, Support Small Businesses and Social Enterprises; and Strategy III.3.2, Manage and Maximize County Assets. In this case, the County is supporting these goals by proposing a project that provides affordable housing, seeking to use a local and targeted workforce to construct the project, and developing County assets in a manner that provides local revitalization.

FISCAL IMPACT/FINANCING

In May 2022, at the request of Supervisor Hilda Solis, Representative Jimmy Gomez secured \$1.5 million in federal funding to study and support the development of the Project Site into affordable housing. Initial funds have been used to support community engagement and solicitation development costs. The remaining funds, which are not expected to exceed \$1.35 million, are anticipated to be utilized to support continued community engagement and predevelopment activities. The Developer has proposed that any funds utilized to support their predevelopment activities these funds convert to permanent soft debt to the project after construction is complete.

Additional costs to the County associated with activities completed during the ENA period will be covered by the Developer's Deposit. To the extent negotiations with the Developer are successful, DEO will return to the Board with negotiated agreements for review and approval and will provide the fiscal impact and financial analysis at that time.

The Honorable Board of Supervisors
September 24, 2024

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed actions will allow the County to explore the potential to increase affordable and supportive housing opportunities.

CONCLUSION

If you should have any questions please contact Jessica Kim, Chief Deputy of the Department of Economic Opportunity, at jkim@opportunity.lacounty.gov or (213) 422-4786.

Respectfully submitted,

KELLY LOBIANCO
Director KL:JK
Attachments

cc: Chief Executive Office
Executive Office, Board of Supervisors
County Counsel