

MEMORANDUM

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DATE: OCTOBER 20, 2011

TO: CRA/LA BOARD OF COMMISSIONERS HO1990
100301

FROM: CHRISTINE ESSEL, CHIEF EXECUTIVE OFFICER

STAFF: CAROLYN HULL REGIONAL ADMINISTRATOR
WILLIAM CHUN, PROJECT MANAGER

SUBJECT: **Casa de Rosas Exclusive Negotiating Agreement.** Exclusive Negotiating Agreement with Clifford Beers Housing, Inc. for proposed rehabilitation of CRA/LA owned property at 2600 South Hoover Street for a proposed rehabilitation into 41 units of permanent supportive housing in the Exposition/University Park Redevelopment Project Area SOUTH LA REGION (CD 8)

RECOMMENDATIONS

That CRA/LA acknowledges and understands that the California Supreme Court in the case entitled California Redevelopment Association v. Matosantos stayed certain portions of Assembly Bills x1-26 and x1-27. Given the Court's stay and the uncertain status of such legislation, although CRA/LA is, and the City Council may be, approving certain actions as described herein, to the extent that such actions are stayed, then CRA/LA shall not execute agreements or take such actions, notwithstanding their approval hereof, until the Supreme Court has decided the case on the merits or the action is no longer stayed.

That the CRA/LA Board of Commissioners, subject to City Council review and approval,

1. Request that the City Council approve CRA/LA's implementation of a affordable housing project in the Exposition/University Park Redevelopment Project Area ("Project Area") under the Cooperation Agreement for certain CRA/LA funded capital improvements, public improvements and affordable housing projects dated March 10, 2011 between CRA/LA and City ("Cooperation Agreement");
2. Authorize the Chief Executive Officer or designee to execute an Exclusive Negotiating Agreement ("ENA") with Clifford Beers Housing, Inc. ("Developer") for the proposed rehabilitation and operation of CRA/LA-owned historic property located at 2600 S. Hoover Street within the Exposition/University Park Redevelopment Project Area ("Project Area") for a 270-day term with two ninety-(90) day extensions of the ENA; and
3. Amend the FY2012 Budget to recognize a Developer deposit in the amount of \$40,000 to be deposited into budgeted line item "Affordable Housing" to fund CRA/LA consultant and maintenance expenses related to redevelopment of said property.

SUMMARY

The recommended actions seek authorization for staff to execute the ENA in order to begin negotiations with Developer of a Disposition and Development Agreement (“DDA”) for redevelopment of an opportunity site located at 2600 South Hoover Street (“Site”). The Developer was selected after a public solicitation and evaluation process. A map of the Site is on Attachment “A” hereto.

PREVIOUS ACTIONS

October 15, 2009 – Expenditure of an amount not to exceed \$294,000 for building repairs and operating expenses for a CRA/LA owned property located at 2600 South Hoover Street (Casa de Rosas)

DISCUSSION & BACKGROUND

Location of the Site

The Site is located on the corner of Adams Boulevard and Hoover Streets in the West Adams District of Los Angeles. This District is primarily residential, with heavy vehicular traffic and public transit lines. The Site is a 40,000 square foot parcel (0.91 acres) improved with three historic residential structures built in 1895 (collectively, “Historic Structures”). The Historic Structures are listed on the National Register of Historic Places, the California Register of Historical Resources, and as a Historic-Cultural Monument by the City of Los Angeles. The Historic Structures contain 48 useable rooms, a 12-room section with 18 emergency shelter beds, multi-purpose rooms, lounges, offices, a recreation room, assembly/meeting rooms, laundry room, kitchen, and dining room. Due to neglect by the prior owner, these Structures are in serious need of rehabilitation.

The Historic Structures were designed by Sumner P. Hunt. They have been used as an experimental kindergarten, a prestigious college preparatory school for girls, an inn and restaurant, a military barracks during World War II, the headquarters of L. Ron Hubbard’s Dianetics Foundation, and a shelter for homeless women.

Selection Process for the Developer

A Request for Qualifications (“RFQ”) was issued in July 2010 to the general public for the rehabilitation and operation of the Historic Structures on the Site. Later that month, a pre-proposal conference was held at the Site to provide interested firms an opportunity to become familiar with the Site and RFQ and to ask questions. The RFQ requested proposers to assemble a qualified development team with expertise in historic preservation and residential rehabilitation. In August 2010, CRA/LA received seven submissions. After an evaluation of the submissions, CRA/LA issued a Request for Proposal (“RFP”) to six of those seven firms to submit a conceptual rehabilitation proposal. With assistance from the City’s Office of Historic Resources, the evaluation panel selected the Developer based on its highest score.

Developer Team

The Developer is a nonprofit public benefit corporation formed in 2005 as an affiliate agency of Mental Health Association of America. The Developer is also a Community Housing Development Organization that develops affordable housing for individuals and families with limited incomes, including households that are homeless, at-risk of homelessness, or have a member living with a mental illness. The Developer has partnered with other firms to assist in the redevelopment effort: Amity Foundation, Kedren Community Mental Health, Koning

Eizenberg Architecture, Nancy Goslee Power & Associates, Historic Resources Group, and Westport Construction.

Description and Project Context

The Developer proposes a substantial rehabilitation of the Historic Structures in conformance with the Secretary of Interior Standards. Preserving much of the historic, character defining features, the Developer is proposing to: (1) create 41 units of permanent, supportive housing for homeless individuals, including those with mental illness, (2) activate the under-utilized communal spaces and kitchen by providing a 10,000 square foot community center that offers the neighborhood wellness-focused supportive services and job training, and (3) restore the landscaping and garden-like grounds on the Site (collectively, "Project").

Community Benefits

The ENA provides that all applicable CRA/LA policies will be implemented (though the DDA) in development of the Project on the Site. The Project focus is rehabilitation of the Historic Structures whose current deteriorated condition creates substantial blight at a key intersection of the Project Area.

The Project will create approximately 41 units of affordable housing, targeting individuals earning between 30% to 60% of Area Median Income. The Project will have on-site programs such as employment development, job training, and community workshops focused on health, financial literacy and life skills development. The Project community center will include a job training center, computer lab, community kitchen, community meeting spaces and case management offices for staff. The job training component will seek to develop a participant's employment skills in variety of areas, including but not limited to, restaurant services and entrepreneurial development. Other community training will be coordinated by the program staff, including workshops focused on financial literacy, homeownership counseling, ESL classes, nutrition, health screening and other topics needed by the community.

The Project will also have supportive services for tenants based on a model of recovery-oriented, integrated service delivery for homeless adults. These services will be targeted at those living with mental illness, needing help to achieve greater self-sufficiency, and an emphasis on quality of life outcomes.

Financial Analysis

Development of the affordable housing portion of the Site is anticipated to be financed through low-income housing and historic tax credits, state and local sources and will need authorization from CRA/LA for final disposition of the Site based on a complete development and financing plan as well as CEQA review.

ECONOMIC IMPACT

Based on preliminary cost estimates, the construction of the Project would result in approximately 115 construction jobs and 14 permanent jobs. Indirectly, the Project would serve as a catalyst; increasing property tax values nearby, and attracting private investment into the Project Area.

SOURCE OF FUNDS

Developer Deposit (\$40,000).

PROGRAM AND BUDGET IMPACT

This action will amend the FY12 Budget to recognize a Developer Deposit and add \$40,000 to budgeted line item "Affordable Housing" to fund consultant and maintenance expenses.

ENVIRONMENTAL REVIEW

The proposed action does not constitute a project according to the California Environmental Quality Act ("CEQA"). If a DDA results from the proposed ENA, appropriate site-specific environmental review documents meeting CEQA requirements will be completed for CRA/LA consideration and action prior to entering into any formal agreements.

Christine Essel
Chief Executive Officer

By:

Dalila Sotelo
Deputy Chief Executive Officer

There is no conflict of interest known to me which exists with regard to any CRA/LA officer or employee concerning this action.

Attachment A – Site Map

