



SACHI A. HAMAI
Chief Executive Officer

County of Los Angeles

CHIEF EXECUTIVE OFFICE

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August 13, 2019

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

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

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

34 August 13, 2019


CELIA ZAVALA
EXECUTIVE OFFICER

Dear Supervisors/Commissioners:

AUTHORIZE THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY TO EXECUTE CONTRACTS FOR THE HOMELESS INITIATIVE STRATEGY F7 HOUSING INNOVATION CHALLENGE AND AUTHORIZE THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY TO ACCEPT DELEGATED AUTHORITY AND EXECUTE CONTRACTS FOR THE HOMELESS INITIATIVE STRATEGY F7 HOUSING INNOVATION CHALLENGE (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)

SUBJECT

The Chief Executive Officer (CEO) requests that the Los Angeles County Development Authority (LACDA) be authorized to execute contracts with selected bidders of the Housing Innovation Challenge, Strategy F7 of the Los Angeles County Homeless Initiative on behalf of Los Angeles County. This letter also requests the Board of Commissioners for LACDA to authorize the LACDA's Executive Director, or her designee, to accept the delegated authority to execute said contracts.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize and approve LACDA to act on the County's behalf to administer, negotiate, execute, implement, and if necessary, amend, reduce, extend or terminate contracts with selected bidders of the Housing Innovation Challenge,

HI Strategy F7, which may range from \$500,000 to \$1,000,000 for a total not to exceed \$4,500,000.

2. Authorize the CEO to reallocate to LACDA \$4,845,000 in Measure H funding that was previously allocated to the CEO for the Housing Innovation Fund (Strategy F7) for the administration of the Housing Innovation Challenge contracts.
3. Find that the proposed actions are not a project under the California Environmental Quality Act (CEQA) for the reasons stated in this Board letter and the record.

IT IS RECOMMENDED THAT THE BOARD, ACTING AS THE COMMISSIONERS OF THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY:

1. Approve and authorize LACDA to act on behalf of the County for the implementation of the Housing Innovation Challenge (HI Strategy F7).
2. Approve and authorize the Executive Director, or her designee, to accept the delegated authority to act on behalf of the County of Los Angeles, to negotiate, execute, implement, and if necessary, amend, reduce, extend or terminate up to five Housing Innovation Challenge contracts with selected bidders, following approval, as to form, by County Counsel.
3. Authorize LACDA to incorporate \$4,845,000 in Measure H funding into its FY 2019 20 budget to implement the Housing Innovation Challenge. An amount of \$345,000 will be used to cover LACDA's administrative costs and the balance of \$4,500,000 will be used to fund contracts with the selected bidders. Any unused balance shall be carried over to the next fiscal year.
4. Find that the proposed actions are not a project under CEQA for the reasons stated in this Board letter and the record.

PURPOSE / JUSTIFICATION OF RECOMMENDED ACTIONS

On February 13, 2018, the Board authorized the CEO to implement a solicitation process for the Housing Innovation Challenge (Challenge), funded through \$5 million in one-time funding under HI Strategy F7, and to execute contracts resulting from that solicitation process.

The CEO executed a contract with Common Pool (Consultant), an incentive engineering firm, to develop and manage the solicitation process for the Challenge. The Consultant had extensive experience in designing grant-giving competitions for both private- and public-sector agencies and provided the Challenge with high visibility through an open process.

The solicitation for the Challenge sought innovative approaches to achieving the goal of reducing the time and/or cost of developing permanent housing for homeless individuals and families. Innovative approaches included:

- Unconventional building techniques that allow for a shorter construction timeline;
- New construction models that are more cost effective than traditional stick-built models; and
- Nontraditional financing mechanisms.

The Challenge was launched on June 7, 2018, and closed on October 2, 2018. A total of 53 proposals were submitted, which were forwarded to a first-round review by the Evaluation Panel. Of those proposals, the top 12 proposals advanced to the Selection Committee. Judges included affordable housing developers, lenders, funders, architects, and staff from the Los Angeles County Department of Public Works and the City of Los Angeles Planning Department. The Selection Committee recommended the five best and brightest proposals for funding. Four of those proposals were selected to be funded at the \$1,000,000 level, and one at the \$500,000 level.

Due to the types of housing projects that will be developed as a result of the selected proposals, the CEO engaged LACDA for their expertise in contracting with developers who produce affordable and supportive housing. After consultation with LACDA and County Counsel, it was determined that the resulting contracts from the Challenge would be most effectively developed, executed, and administered by LACDA.

Approval of the recommendations stated herein will enable LACDA to execute contracts with selected bidders in an expeditious manner and will authorize the reallocation of Measure H funds from the CEO to LACDA as follows:

Contracts:	\$4,500,000
<u>Administrative Costs:</u>	<u>\$345,000</u>
Total:	\$4,845,000

FISCAL IMPACT / FINANCING

The total amount of executed contracts through the Challenge will not exceed \$4,500,000. An administration fee of \$345,000 shall be allocated to LACDA for the administration of these contracts.

FACTS AND PROVISIONS / LEGAL REQUIREMENTS

On June 13, 2017, the Board approved the FY 2018-19 Measure H funding recommendation to allocate \$5 million to the CEO for the Housing Innovation Challenge. The CEO is requesting to reallocate those funds to LACDA for the administration of the Challenge contracts.

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On February 13, 2018, the Board authorized the CEO to implement a solicitation process for the Challenge and to execute contracts resulting from that solicitation process. The CEO completed the solicitation process for the Challenge and is requesting authority for LACDA to execute resulting contracts.

ENVIRONMENTAL DOCUMENTATION

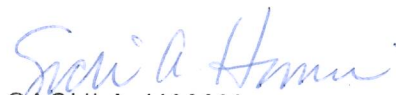
These actions are not a project pursuant to CEQA because they involve activities that are excluded from the definition of a project pursuant to Section 15378 (b) of the State CEQA guidelines. The proposed actions are administrative activities of government which will not result in direct or indirect physical change to the environment.

CEQA review and clearance must be completed by a lead agency prior to approval of specific projects.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of these actions will enhance efforts to implement the Board-approved HI Strategy F7: Preserve and Promote the Development of Affordable and Supportive Housing for Homeless Families and Individuals. The cost of building supportive housing units is high, and the time it takes to complete development of these units is long. The winning proposals of the Challenge aim to pilot innovative construction and financing methods to reduce the time and cost it takes to deliver supportive housing. These models have the potential to build a foundation for scaling and to be replicated by other affordable and supportive housing developers.

Respectfully submitted,



SACHI A. HAMAI
Chief Executive Officer



MONIQUE KING-VIEHLAND
Executive Director

SAH:FAD:PA:MKV:TTD:tv

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller