



HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

AN EQUAL EMPLOYMENT OPPORTUNITY - AFFIRMATIVE ACTION EMPLOYER

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PRESIDENT AND CEO
DOUGLAS GUTHRIE

December 4, 2017

Ladies/Gentlemen:

**SUBJECT: ADDENDUM NO. 2 TO RFP HA-2017-97
Rancho San Pedro Developer RFP**

This letter serves as Addendum No. 2 to the Rancho San Pedro Developer Request for Proposals (RFP) and is made a part of solicitation HA-2017-97. This addendum provides answers and clarifications to the RFP.

Q1: Are the replacement units required to be room type for room type (i.e.: 5br for 5br etc.)?

What if returning tenants don't meet eligibility/ income qualifications?

A1: HACLA is requiring one-for-one bedroom replacement, which is slightly different than unit replacement. Rancho San Pedro currently has 478 units and 1,026 bedrooms. Replacement units can be configured with different bedroom mixes in order to accommodate returning tenants and the market need in the area for affordable units. The final count for compliance purposes will be done on the number of bedrooms provided, which must total at least 1,026.

The bedroom size of replacement units must meet the needs of returning residents based on their family composition. HACLA understands that it is too premature to decide the right sized configuration at this point in time since household sizes may change over time. HACLA has right-sizing documentation for the existing households and has provided it as background information for this RFP. However, for purposes of simplicity of response, HACLA will allow developers to simply assume that the 478 replacement units will have the same configuration as the current public housing units in the Stage II assumptions and pro forma submission.

Residents will have the right to return to a right-sized unit as long as they are in good standing. Good standing means the household has not been evicted or terminated from housing assistance by HACLA at least 90 days before it is time for the household to move and prior to the household executing its lease for a new unit.

In the RFP resource library, HACLA has provided general RSP resident household demographics as background and noted the number of households that are above tax credit eligible standards. As part of Stage II, HACLA has provided a financial

<p>Continued</p> <p>Q1: Are the replacement units required to be room type for room type (i.e.: 5br for 5br etc.)?</p> <p>What if returning tenants don't meet eligibility/ income qualifications?</p>	<p>workbook with built in assumptions that address resident households with incomes over the LIHTC threshold by requiring the use of a certain percentage of RAD overlaid to market rate units instead of tax credit units.</p> <p>Please reference pages 7 and 13 of the RFP.</p> <p>Page 7 "Provide one-for-one replacement rental units; 20% of the replacement units must be either: 1) Units converted through the Rental Housing Demonstration (RAD) program; 2) Provided as Public Housing, or 3) Provided through another HUD affordable housing program. The remaining 80% of replacement units may include Project-Based Vouchers and other subsidy programs available. All replacement units must provide occupancy by returning residents that will pay a maximum of 30% of their income or an equivalent rent for mixed families."</p> <p>Page 7 "Provide RSP residents the first right to re-occupy, as long as residents are in compliance with the terms of their lease agreement, according to the RSP Relocation and Reoccupancy Plan that HACLA will draft, in coordination with the Developer."</p> <p>Page 13 "Monitoring the Unit Mix and Return of Residents - HACLA will monitor the preparing and implementation of the master plan and each phase to ensure the number of replacement and affordable units required are being planned for and constructed. These requirements are outlined in Section 2.2."</p>
<p>Q2: Would HACLA expect a ground lease for the "for sale" portion?</p>	<p>A2: If the selected Developer/Development Team proposed affordable, workforce or market rate for-sale units for a specific phase, HACLA would work with the Developer/Development Team to determine the structure and program requirements depending on what is being proposed. HACLA prefers long term ground leases for the "for sale" component and will work with the developer to see if a ground lease structured can be supported. Alternative sale structures would be considered but only in the context of the whole development envelope and benefit package.</p>
<p>Q3: Pg. 10 – Will HACLA be releasing current rent structures so that we can factor them into our revenue projections?</p>	<p>A3: Developers that are invited to participate in Stage II of the Rancho San Pedro Developer RFP process are asked to submit a preliminary operations budget for the project phases.</p> <p>The rents for various components are included in the Financial Workbook provided on both LABAVN LABAVN RSP Developer RFP and the RSP Developer RFP website RSP Developer RFP website.</p>
<p>Q4: Pg. 12 – HACLA approval rights over key contracts or partnerships: please describe this process and list which key members and contracts HACLA will have approval rights for.</p>	<p>A4: Page 12 states that "HACLA will be an active participant throughout the process. As such, HACLA will be included in all aspects of the project, including selection of key team members, preparation of documents, discussion with potential and selected investors, meetings with contractors, consultants and stakeholders. HACLA will have approval rights over all key contracts or partnerships that are part of the revitalization plan. Key members include, but are not limited to: design team (architect and engineer), environmental, investor, lender,</p>

	<p>construction contractor, and property management. The process of this review will be detailed in the master development agreement, but will ensure HACLA plays a consistent role in the planning, design, construction and lease up of the site, as well as ensuring that the Developer/Development Team is complying with contractual terms and requirements.”</p>
<p>Q5: Pg. 13 – Ground lease term: If we propose the use of Veterans Housing and Homelessness Prevention Program (VHHP) funds, can we increase the minimum loan term to 65 years rather than 55 years?</p>	<p>A5: Page 13 states that “The term will be for a minimum of 55 years and a maximum of 99 years, including all HUD and HACLA required affordability restrictions during the term.” Term lengths will be based on an analysis of the product type and financing/investment requirements of each component development.</p>
<p>Q6: Pg. 15 – HACLA approval of all invoices: Please provide clarification on HACLA’s approval process of invoices and draws. Would this take place during predevelopment or construction?</p>	<p>A6: HACLA’s role in reviewing and approving invoices and draws will be further defined in the Master Development Agreement and may vary by phase based on HACLA’s contribution level, HACLA’s role in the development structure, and/or the underwriting of the project.</p> <p>The Developer/ Development Team will take the lead, but HACLA will remain an active participant in the project during predevelopment, construction, lease up and operations.</p>
<p>Q7: Pg. 17 – Regarding community benefits, would all components need to be incorporated in the Master Plan, or can we incorporate the top 3 or 4 benefits chosen by the community?</p>	<p>A7: Page 17 states “Community Benefits: The Developer, in coordination with HACLA, is required to fully assess the components that were identified in the visioning sessions listed in Section 2.3. HACLA will require that the components be incorporated into the master plan, unless the Developer has market and financial evidence that these components are not feasible and viable.</p> <p>If that is the case, the Developer will meet with the residents and stakeholders to present their findings and identify alternatives to collaboratively ensure that the residents/community vision for the site is fully considered.”</p>
<p>Q8: Tab 3 (a) pg 34 says” Describe conceptually how the development plans included in the submission will incorporate HACLA’s Project Requirements for the site listed in Section 2.2.” What specific development plans is HACLA expecting to be submitted as part of the Stage I RFQ response?</p>	<p>A8: Page 34 (a) is revised as follows: “Describe conceptually how the development plans included in the submission Developer/Development Team will incorporate HACLA’s Project Requirements for the site listed in Section 2.2.”</p>
<p>Q9: 100 pages single-sided or double-sided?</p>	<p>A9: 100 pages double-sided; 200 pages total.</p>
<p>Q10: If joint-venture, should we submit five narrative projects per developer?</p>	<p>A10: Yes, unless the Developers acted as a joint venture for one or more of the projects.</p>

Q11: If joint-venture, should we submit forms for both developers?	A11: Yes; please submit forms for each Developer.
Q12: Tab 1.5, Project Descriptions (r): does operating budget count toward total page count?	A12: Yes; the only documents that do not count toward the Stage I Proposal page count are forms and all attachments listed on the forms.
Q13: When will the revised Section 3 Guide and Compliance Plan be available?	A13: It is available now on www.labavn.org , www.RevitalizeRSP.com and www.hacla.org/forms .

We look forward to receiving your proposal.

Sincerely,

Marlene Garza
Chief Administrative Officer

ACKNOWLEDGEMENT:

I have received and reviewed **Addendum No. 2 to RFP HA-2017-97:**

Proposer: _____

Signature: _____ Date: _____

Please include this signed Acknowledgement in your proposal to the RFP.