



HOUSING AUTHORITY OF THE CITY OF LOS ANGELES
AN EQUAL EMPLOYMENT OPPORTUNITY - AFFIRMATIVE ACTION EMPLOYER
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PRESIDENT AND CEO
DOUGLAS GUTHRIE

April 3, 2018

Ladies/Gentlemen:

SUBJECT: ADDENDUM NO. 5 TO RFP HA-2017-97
Rancho San Pedro Developer RFP

This letter serves as Addendum No. 5 to the Rancho San Pedro Developer Request for Proposals (RFP) and is made a part of solicitation HA-2017-97.

1. Can you provide a copy of the slides that were shown by HACLA during our recent Development Team meeting with HACLA?

Yes, HACLA has uploaded the PDF under the RFP Section of the website. Please note that the PPT was utilized during the pre-submission meeting for informational purpose only and is not intended to replace the RFP in any way. Therefore, HACLA is making it clear that the RFP will take precedence over any information on the slide presentation. The only slide with new information is on the discussion of potential changes or additions allowed for the Developer Team.

2. The City of Los Angeles San Pedro Community Plan link on the www.revitalizersp.com website is dead. Can you please provide a live link for the City of Los Angeles San Pedro Community Plan?

Yes, the link has been updated.

3. RSP Resident Demographic Information as of October 2017 has been provided on the www.revitalizersp.com website. Now that it is March, 2018, can this information be updated for us for better application of current demographic information to bidders?

Yes, please see the Resource section of the website for updated Demographics.

4. Can HACLA provide historical data on the actual current operating costs on the existing RSP housing?

Yes, please review the Resource section of the website for five years of Operating Expenses for the existing RSP Public Housing site and its extension.

5. During our recent meeting with HACLA, HACLA related it would be delighted to see us present opportunities for its current staff to be transitioned into the new development's staffing in lieu of layoffs in the future, and that the redevelopment of the RSP site was not an exercise that necessarily would have to lead to staff layoffs. We were asked to present our most innovative thoughts on how positions for HACLA staff might be incorporated into each site's development, or how we could approach HACLA to joint venture on property management of some of the developments.

The RFP at page 39, differs slightly from this instruction. Under Tab 1, Asset and Onsite Property Management, HACLA has asked bidders to "describe the proposed property management terms that will likely meet lender and/or investor requirements and incorporate opportunities for HACLA residents and employees where possible."

HACLA does not see any conflict between the RFP language and additional information shared during the pre-submission meeting that elaborates on HACLA expectation for opportunities for its employees and residents.

- a. How will these opportunities for extending employment to current HACLA staff be scored?

While scoring this section, the Panel will review the Proposer's Asset and On-site Management approach for the site as a whole, in addition to considering opportunities provided to HACLA residents and employees.

- b. If proposals do not incorporate existing staff retention, will that harm scoring for the proposer?

As mentioned in the previous response, proposers providing opportunities will have a greater chance of achieving a higher score. However, the most important aspect that the Panel will look while scoring this section is the soundness of approach in ensuring successful long term management of the various components of the development individually and as a whole.

- c. Which will be scored higher, if at all: the desire for property management opportunities for residents, or opportunities for HACLA employee job-placement?

Opportunities for resident employment in property management and other aspects of the proposed project is scored separately under Section 3 Commitment. Opportunities for HACLA and/or its employees to be incorporated into any proposed property management model will be scored as part of the Proposer's Asset and On-site Management approach.

- d. Is the goal/intent to retain HACLA property management and maintenance staff on the RSP site or to extend employment to other HACLA employees who may be based elsewhere?

The intent and goals are multiple, and include but are not limited to the following:

- (1) For proposed projects to capitalize on the expertise and resident trust developed by HACLA in its management and maintenance of the Rancho San Pedro site;
- (2) For HACLA to be able to undergo successful redevelopment of its assets without impacting a reduction in force; and
- (3) For HACLA staff to have access to opportunities to learn new skills and expand their career pathways.

Therefore, HACLA goal is to extend employment opportunities to employees beyond those located at RSP.

- e. Given the considerations relative to HACLA employee retention and/or job placement, can HACLA provide information on job titles and salary ranges for current employees at RSP?

Please see below for FY2018 Salary Schedules for the current employee positions at RSP:

Position	Minimum	Maximum
Manager	\$73,800	\$90,781
Assistant Manager	\$59,300	\$81,848
Maintenance Supervisor	\$59,300	\$81,848
Eligibility Interviewer	\$44,387	\$62,774
Management Clerk	\$40,435	\$56,243
Plumbers		\$84,178
Carpenter		\$73,008
Spray Painter		\$71,906
Building Repairers		\$52,437
Senior Gardener		\$52,416
Gardener Caretakers		\$48,298
Residence Cleaner		\$39,978

6. The Community Benefits Package instructions in page 39 of the RFP instructs bidders to “provide a narrative that describes the Developer’s incorporation of HACLA’s commitments to the residents and the incorporation of the priorities identified in the Stakeholder/Resident visioning sessions.” Section 2.3 notes that homeownership opportunities were identified as the Number 1 desire of the residents (at 18% of the total).

- a. Will referrals to homeownership programs in lieu of the creation of affordable housing opportunities for RSP residents on the RSP site be treated and scored differently from actually creating homes for sale, or will on-site homeownership opportunities be more welcome than referral-based programs in satisfaction of this objective?

Creation of Onsite homeownership opportunities will be much more desirable.

- b. Is there as strong a desire for affordable home ownership on the site as there is for market rate home ownership?

Based on discussions with residents during the visioning meetings, strong interest was shown for affordable homeownership opportunities, if available. HACLA does not have any information of the financial status, assets and literacy of the interested families and how many qualify for affordable homeownership programs. According to our data pulled from community meetings, 18% of respondents prioritized homeownership opportunities with the assumption that those opportunities would be available to them and 7% prioritized having a Mixed-Income community.

7. As to Key Business Terms: under Financial Terms, how will HACLA's compensation in the areas listed in the Phase 2 summary be scored? Is the group to offer HACLA the most money going to earn the most points for the Key Business Terms section, or do other considerations such as participation in the ownership structure and decision making factor into this scoring criteria?

The Panel will decide apportionment of the scoring between the Financial Terms and Ownership structure and how realistic these terms are based on key assumptions and conditions associated with the proposal.

8. As we discussed during the interview, we did receive the sense that Development Teams offering more affordable rental opportunities would be looked at very favorably. Is there a specific population that HACLA believes is underserved other than large families, or is that always the emphasis when it comes to determining the mix of units?

The type and size of units proposed should be informed by data on the current demographic needs in the San Pedro area for housing as well as the larger Los Angeles metropolitan area. Project requirement section of the RFP (Page 7) states the following:

- Prioritize construction of more affordable units. After constructing all 478 replacement units, any new units constructed on HACLA-owned property or on any off-site land acquired in the surrounding neighborhood as part of the redevelopment strategy (together the Project), should meet a 50/50 ratio of affordable to market rate housing. Aside from the first 478 replacement units, all additional affordable units can be in the form of: tax credit, homeownership, workforce, defined as 150% Area Median Income (AMI), supportive housing, deeply subsidized.
- The preference for units for extremely low-income (30% of AMI) households is embedded in the replacement/ affordable unit requirements (for which tenant rents are no more than 30% of resident's income), but is also based on availability of funding subsidies and general need.
- HACLA encourages proposals to include housing for homeless households (as defined by HUD). Developers should consider a plan that includes 10% of the affordable units, to be prioritized as a set aside for the homeless. This is in addition the replacement units required.

9. As the team is working through masterplan concepts and phasing we are reviewing ways to completely eliminate resident displacement. Can HACLA provide their position on allowing natural attrition to occur so as to reduce the occupancy rate? What is the current vacancy rate?

HACLA's current plan is to re-lease units since it is likely that the development will occur over multiple phases and based on funding availability, could take many years to achieve build-out. Therefore, not leasing vacant units will lead to a loss of operating subsidy for the management of the remaining units. HUD also provides Tenant Vouchers only on occupied units and therefore this will be a consideration in making decisions on re-leasing vacant units. Current vacancy rate is 2.3% and averages under 2% annually at all public housing sites.

10. Furthermore, as we work through phasing we want to ensure that we are replacing like for like in the unit mix. Does HACLA have a site plan that shows the SPECIFIC unit type and location so that we can best match our replacement unit mix with the demolished existing unit mix phase by phase?

Please check the Resource section of the RSP website for a site plan that provides individual unit size information. Also, refer to response to Q1 of Addendum No. 2 to RFP HA-2017-97 that discusses the Replacement Unit requirements. Please note that the bedroom size of replacement units must meet the needs of returning residents based on their family composition. Households may require resizing of units when they move in order to "right-size" their family. This will be taken into consideration when the final replacement housing mix is created for each phase. 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. 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.

Note that replacement housing is based on the total number of bedrooms provided, not necessarily the total number of units. 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.

We look forward to receiving your proposal.

Sincerely,



Douglas Guthrie
President & CEO

ACKNOWLEDGEMENT:

I have received and reviewed **Addendum No. 5 to RFP HA-2017-97:**

Proposer: _____

Signature: _____ Date: _____

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