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M E M O R A N D U M

DATE: January 18, 2023

TO: Board of Directors
The Long Beach Community Investment Company

FROM: Christopher Koontz, President 

SUBJECT: **Authorization to Execute an Agreement to Negotiate Exclusively with Habitat for Humanity of Greater Los Angeles for the Purchase and Development of 5571 Orange Avenue (District 8)**

RECOMMENDATION:

Authorize the President or designee to enter into an Agreement to Negotiate Exclusively with Habitat for Humanity of Greater Los Angeles (Habitat) for the purchase and development of 5571 Orange Avenue. (District 8)

DISCUSSION

On October 10, 2022, the Long Beach Community Investment Company (LBCIC) solicited purchase and development proposals for the site located at 5571 Orange Avenue (Site) (Attachment A) and received two proposals from Habitat for Humanity of Greater Los Angeles (Habitat) and Home Ownership for Personal Empowerment (HOPE)by the November 15, 2022 due date.

As required, staff applied City Purchasing Division protocol for the solicitation and selection of proposals. A selection committee (Committee) was formed to review and evaluate the proposals in accordance with the criteria detailed in the Request for Proposals (RFP) (Attachment B). The Committee was comprised of three key Development Services staff members. The proposals were consistently evaluated based upon the following criteria:

- Scope of proposed development, including maximizing the number of housing units provided, providing high quality service-enriched housing, and a building design appropriate to the surrounding residential neighborhood;
- Demonstrated experience in development of affordable housing;
- Demonstrated experience in development/management of similar projects;
- Financial stability of developer and evidence of financial capability to develop the project;
- Proposed number of both short-term and long-term jobs created as a result of the development;
- Demonstrated capability to plan and construct development projects in a timely fashion;

- Demonstrated capability to maintain real property and to adhere to applicable codes, ordinances, and covenants; and,
- Inclusion of sustainable/green building elements.

The proposals were reviewed, discussed and ranked by the Committee. The proposal submitted by HOPE met the minimum qualifications, but was ranked lower than the proposal submitted by Habitat due to various criteria. Habitat is proposing to development twice the number of units as the HOPE and the design includes several sustainable/green building elements. Furthermore, like Habitat, HOPE submitted a proposal for the development of an ownership project, but HOPE does not have any experience developing or selling ownership housing, nor did they propose a partner with such experience.

Habitat is proposing to demolish the existing 7,318 square foot structure, which formerly served as the City's North Neighborhood Library, and construct eight two-story townhomes to be sold to low-income first-time homebuyers earning up to 80 percent of the area median income. The conceptual design includes four three-bedroom, two-bath units, and four four-bedroom, two-bath units. All eight units will provide approximately 1,350 square feet of living space, as well as private porches and small yards. The homes will have solar power and Energy Star components, including appliances, fans, HVAC systems, and lighting. Additionally, the landscaping will be drought-tolerant to minimize long-term water use. To ensure households are prepared for the future, each home will also have an exterior 220-volt electric outlet, allowing homeowners the ability to charge electric vehicles.

The households selected to purchase a home will be required to participate in Habitat's Family Investment Program homebuyer education classes. The classes cover topics such as preventative home maintenance, preparing for major home repairs, tax benefits and responsibilities, and managing insurance and estate planning among other topics helpful to first-time homebuyers.

Due to the strength of their proposal, and the team's proven track record on comparable projects within the City, staff recommends that the LBCIC enter into a six-month Exclusive Negotiating Agreement (ENA) with Habitat for the development of the Site. An ENA will give the LBCIC and developer time to work exclusively to determine whether the project is physically and financially feasible. If approved, the ENA will allow the President to extend the term for two additional 90-day periods, if necessary.

The proposed project will create a thriving family community of new homeowners thoroughly invested in the neighborhood's stability and growth. In addition, the proposed project supports the implementation of Housing Element Program 1.6 (Affordable Housing Development Assistance) and Program 3.3 (Homeownership Assistance) and is therefore supported by staff.

SUGGESTED ACTION:

Approve Recommendation.

CK:MS:KS

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Attachment: A. Site Map
B. RFP