



HOUSING AUTHORITY OF THE CITY OF LOS ANGELES
AN EQUAL EMPLOYMENT OPPORTUNITY-AFFIRMATIVE ACTION EMPLOYER
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October 18, 2011

Gentlemen/Ladies:

Re: ADDENDUM NO. 1 TO RFQ# 7556

This letter is Addendum No. 1 to **RFQ 7556 REQUEST FOR QUALIFICATIONS FOR A MASTER DEVELOPER FOR JORDAN DOWNS REDEVELOPMENT** and is made a part of that solicitation. The following are responses to questions that were compiled from the Jordan Downs RFQ Pre-Proposal Conference held on September 28th, 2011 as well as written questions that HACLA received from potential responders up until October 10th, 2011.

1. Will the Jordan Downs Community Advisory Committee (JDCAC) be included in the Master Developer shortlist interview process?

Answer: A representative of JDCAC will be a part of the HACLA selection committee.

2. How long will the process for the subdivision map take?

Answer: HACLA's current estimate is that it will take up to one year from now.

3. Is the Century Boulevard extension part of the overall subdivision?

Answer: Yes. The existing right of way (ROW) cuts straight through the site east to west. The purpose of the mapping process is to create a new or relocated ROW which makes the connection to Tweedy Blvd.

4. What are the green (sustainable) goals for the project?

Answer: The Master Plan includes sustainable goals and suggestions. The Master Developer along with HACLA will determine the extent of implementing any standards for the future community; however LEED ND is a goal.

5. Is HACLA working with the Department of Toxic Substances Control (DTSC) on any other investigations beyond the 21-acre site property line?

Answer: No. There is no indication of contamination beyond the 21-acre former industrial site.

6. Has HACLA completed a Phase II exploration of the (existing) housing site?

Answer: No.

7. Did HACLA reach out to the property owners outside of the project area to see about acquiring any other property?

Answer: No. HACLA has its neighbors informed and involved in its redevelopment plans.

8. How will HACLA be involved with the project?

Answer: HACLA wishes to recoup its investment in the project and be a partner in the residential development. HACLA's top priority is the overall success of the project and improvement in the lives of the families that live there.

9. How many families will return to the project (Right of Return) and what is the process for filling the units?

Answer: HACLA has committed to the residents that they will have a right to return, assuming they are compliant with the terms of their lease agreement. Please refer to pages 5 and 6 of the RFQ for more information.

10. How close is HACLA to getting the Moving to Work (MTW) designation?

Answer: HACLA has received letters of support from Congresswoman Waters, Senator Feinstein, Mayor Villaraigosa. Furthermore, HACLA has recently appointed new Commissioners to its board, and is currently conducting a search for a new President and CEO. It is anticipated that the new CEO and Board of Commissioners will provide input in this process. In your response/submittal to the RFQ, responders should not assume that HACLA will receive MTW designation.

11. When does HACLA expect to break ground on the project?

Answer: HACLA desires to break ground in late 2012 or early 2013, but the Master Developer will help determine the development schedule.

12. When does the case management contract with Shields expire?

Answer: The contract is for a one-year initial term with four one-year options to renew at the discretion of HACLA. Note: Shields is a non-profit agency collaborating with the Jordan Downs Family Asset Development Program to provide services to Jordan Downs Residents that enhance workforce development, health and wellness, youth development and early childhood education. For more information on Shields, visit their website at www.shieldsforfamilies.org.

13. Should a case manager be part of the responder team?

Answer: HACLA wants the responders to inform us on how they will help provide a sustainable community and supportive services program.

14. Are there any project based vouchers (PBV's) for the project?

Answer: There are currently no PBV's allocated to the project. HACLA intends to apply for a special allocation of housing choice vouchers (HCVs) to assist with the relocation of residents as part of the demolition-disposition application process. Once those vouchers are awarded, HACLA will determine on a project by project basis if it has additional HCVs that may become PBV's specific to the development.

15. Have there been any sources of gap financing committed or reserved for the project, from HUD, LAHD, or other City departments?

Answer: No. No commitments have been made at this time.

16. How many members are on the Jordan Downs Community Advisory Committee (JDCAC)?

Answer: 16-17 members.

17. Does HACLA meet with JDCAC monthly?

Answer: Yes.

18. Are there any training programs in place for Jordan Downs residents?

Answer: When HACLA begins the Family Asset Development Initiative, we will identify individuals for training. Through the Project Fatherhood initiative, we have enrolled ten fathers in the We Build Program, a construction training program. Once a Master Developer is on board, a more comprehensive program for resident hiring will be put in place.

19. Has HACLA met with the School Board?

Answer: No, not the Board; however HACLA has worked closely with the facilities department, and separately, to finalize an MOU with the Mayor's Partnership and Green DOT to collaborate on the oversight of David Jordan High School. HACLA is also cooperating with LAUSD to allow access through Jordan Downs for a school-based health clinic facility.

20. How flexible is the Master Plan, i.e.: density, unit count, etc.?

Answer: The proposers are free to suggest variations on the current Community-Based Master Plan (MP), in accordance with the requirements outlined in the RFQ. However, as the MP is the result of an extensive outreach effort, any significant modifications to it must be communicated to the residents, community members and various stakeholders. The Master Developer will have the responsibility along with HACLA to deliver this message and justify its rationale.

21. Has the County been cooperative in the annexation process?

Answer: Yes. The County and the local supervisor have been helpful and are excited about the project.

22. Is the County Fire Department working on the mitigation of the site, and will it review the Remedial Action Plan (RAP)?

Answer: (a) No. (b) All interested parties may review the RAP.

23. Is there an ownership structure proposed, or any funds committed, to the community center?

Answer: No.

24. Does HACLA anticipate making predevelopment funding available to the selected Developer Team?

Answer: It will be subject to available funding and negotiation of a pre-development loan agreement in accordance with HUD Safe Harbor Standards with the selected MD.

25. The RFQ states that it is meant to be “qualifications based procurement procedure which does not include price as a factor,” however, the selection criteria require proposed business terms which are a factor in scoring, which seems contradictory. Would HACLA consider removing Development Approach and Business Terms” from the RFQ requirements to defer these issues to negotiations with the highest qualified developer team?

Answer: HACLA will not reconsider this requirement. The proposed business terms will help HACLA determine the most qualified team.

26. Has the EIR been finalized and certified? Who is the lead Agency for EIR certification?

Answer: The lead agency is the Los Angeles Department of City Planning. The draft Environmental Impact Report was completed in November 2010, and all comments were addressed and responded to following the regulatory public review and comment period. The EIR is not yet certified.

27. Please clarify the total amount of HACLA’s investment in the 9901 Alameda site. \$15.7 Million total or \$15.7M debt plus \$15.7M equity (total \$31.4M)?

Answer: The total investment by HACLA in the 9901 Alameda property is \$32.845 million comprising \$31.2223 million in acquisition costs and \$1.623 million in interest payment. HACLA has paid off the \$15.7 million debt on the property.

28. Can some public housing units be replaced though applying Section 8 to existing housing in the surrounding areas (rather than incorporating all 700 into redevelopment of Jordan Downs)?

Answer: It is our current intention to have 700 Public Housing replacement units distributed on-site within the development and off-site in the Watts community. HACLA does not expect 100% of hard ACC units to be built on-site. HACLA will consider other options that replace current ACC units with other affordable units for low-income families. The Master Developer will be free to propose alternative approaches to achieve this goal, however, all revisions will need buy-in from the community and other stakeholders.

29. Of the 700 households residing at the current Jordan Downs, how many are in compliance with lease terms and are therefore expected to be offered a unit in the new development?

Answer: HACLA intends to track the approximately 700 families currently in residence at Jordan Downs during the relocation and redevelopment process. Those households that are in compliance with their leases at the time of unit availability in each new development phase will be given the opportunity to return to a newly developed on- or off-site unit, subject to meeting occupancy screening criteria at the time.

30. Will HACLA be open to development proposals with lower densities than proposed in the Community Based Master Plan?

Answer: The Developer is free to submit alternate proposals along with the justification for not following the Community-Based Master Plan, in

accordance with the requirements of the RFQ. Ultimately, if an alternate density is proposed that meets with HACLA approval, the selected Developer will be responsible for gaining community buy-in.

31. a. What documentation should be submitted for the qualifications of the other professionals on the team?

Answer: In addition to the current requirements under Tab A, HACLA is not only interested in information on qualifications of the prime Developer as well as associated Developers, we also require the following information regarding other key development team members such as architects, engineers and principal consultants.

As part of the submission of Developer Qualifications (Tab A), please provide the following for the Consultant Development Team Members ("Development Team"):

Team Description: Provide general information on the Development Team including the following information:

- Names of Development Team and proposed role.
- Main address, telephone/fax numbers and email address.
- Address and telephone number of the office from which services will be provided to the development (if different from above).
- Contact person, title, telephone/fax numbers and email address.
- Identify the individual who will serve as Project Manager for the Development Team and who will direct and coordinate the development effort to completion.
- List the members of the Development Team. All entities that comprise the team should be identified, indicating their specialization(s) and specific contribution to the team. Developer Partners are encouraged to include specialists for all components of the program including design, property management, and legal and financing professionals. With regard to a construction contractor, please identify a construction partner or provide an explanation of why and how the construction partner(s) will be selected later.
- Provide a brief narrative description of previous collaboration among some or all members of the Developer Partner.
- For Development Team not directly employed by the Developer Partner, provide an overview of their experience in contributing to affordable housing redevelopment in a role as anticipated in your response to this RFQ.
- Provide three examples of projects (completed or underway) evidencing the experience of the architectural firm with the design of residential developments similar to the Jordan Downs Revitalization.

- b. Due Diligence (TAB A) section on page 32 under “c” of the RFQ, please note that HACLA only requires documents from iii to vii of this section upon selection of the Master Developer.
- c. A new Exhibit M is attached for the Certification of the Due Diligence portion of TAB A

32. What documentation should be submitted for the site plan and building types that are the basis of the proposal?

Answer: See Section III. B. 5, Tab D, “Development Approach and Business Terms” regarding the required information to be submitted. The MD should determine how best to provide this information in a manner that will allow HACLA to fully understand the development approach.

33. Has any off site land been identified that can be used for the redevelopment effort? Is this land owned by the City, HACLA, RDA, or County? If this land is vacant, what entitlement process will be required and what is the timeline for said entitlements?

Answer: No; however, HACLA purchased a 21-acre former industrial site adjacent to Jordan Downs in April 2008, which is included in the Community-based Master Plan. This vacant property is predominant site of the first phase of the planned redevelopment and is included in the timeline and entitlement process of the greater Community-Based Master Plan.

34. Where can we obtain the CRA/LA PLA which is described as a model PLA?

Answer: Please follow the link below.

<http://www.crala.org/internet-site/Policies/upload/Project-Labor-Agreement.pdf>

35. Development Partners are to provide financial statements- can we assume that this only pertains to the actual developers, but not their professionals, such as architects, etc?

Answer: Financial statements are required of the Prime Developer as well as Associate Developers. Therefore, we will not be requiring Financial Statements from professionals such as Architects and consultants.

36. In light of the “build first” initiative: Will there be any relocation vouchers applied for in association with the redevelopment effort? How will HACLA accommodate residents who want to move off site? Whom should we assume will be the responsible for the relocation of residents, HACLA or the selected developer?

Answer: HACLA intends to apply for a special allocation of HCV as a relocation resource as part of the demolition/disposition application. The phasing

and timing of relocation will depend upon the phasing proposed by the developer and agreed upon by HACLA.

HACLA will provide relocation assistance to residents according to Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act or URA) requirements, typically through HCV or relocation to another public housing development.

HACLA will have principal responsibility for the relocation of the residents, but will expect the MD to assist in coordinating the process.

37. How does HACLA anticipate the selected developer will work in conjunction with the identified family support organization?

Answer: HACLA will look to the responders and ultimately the Developer to advise us on a plan to best utilize the available resources and create a sustainable community with excellent support services.

38. How can we obtain demographic information on existing residents?

Answer: Please refer to the attached report (Jordan Downs - Human Capital Plan: Existing Conditions and Summary of Findings - May 5, 2009) for demographic information which was used to help prepare the Human Capital Plan and the Community-Based Master Plan, which were previously shared with the prospective responders through HACLA's web site.

39. Can you please provide a copy of existing resident lease and all associated documents?

Answer: In a new privately managed mixed-income community, the standard HACLA public housing lease would not be applicable. Typically, a public housing tenant in the new mixed-income community would sign a conventional lease with the landlord which also contained a rider including certain public housing requirements.

However, if a responder wants to review the standard Public Housing lease and other Public Housing documents, please follow the link below to access this information.

<http://www.hacla.org/forms-policies/>

40. Is there an identified provider and/or program for the 50,000 sf. community center? Are there any identified sources of funds for development or operations?

Answer: Not to date.

41. What amounts should we be assuming for revenues on the ACC units- both operating subsidy and tenant share of the rent?

Answer: Estimation of the operating subsidy and tenant share of the rent are subject to many factors, including unit type, unit mix, number of ACC

units, etc. It is therefore not practical to predict the operating subsidy amount and tenant share of the rent at this time.

42. How will the 350 Project Based Vouchers function? Are they for the ACC or non ACC units? Can you please clarify how 65% of the affordable units will be supported by PBVs? What is the minimum and maximum number of project based section 8 vouchers that can be assumed?

Answer: The 350 Project Based Voucher provision was an assumption made based on the gap analysis carried out in the Economic analysis for the Community Based Master Plan. The MD should make its own assumptions about the need and viability of PBV as a development resource.

At this point in time, the amount of PBV allocation has not been determined. While it is possible that PBV may be made available for the development subject to availability and HUD requirements, it is HACLA's intention that the community be a true mixed-income community where there will not be over-concentration of very low income families.

For public housing that is replaced with hard ACC units, these units will receive operating subsidy and therefore HACLA PBV cannot be used for the ACC units.

43. Can HACLA provide any details on potential capital funding, including RHF funding that might be available? Are those funds currently available or available over time?

Answer: Under a HUD approved RHF Plan, HACLA is currently accumulating approximately \$5.3 million in first five year RHF increment funds (2010 through 2014) programmed to be utilized for Jordan Downs Redevelopment.

In addition, HACLA is also accumulating approximately \$6.4 million in second five year increment (2010 through 2014) to be utilized for Jordan Downs Redevelopment. HACLA has received HUD Field Office approval that is contingent upon securing the leveraging commitment prior to the submission of the development proposal. These leveraging funds must be firmly committed prior to the approval of the development proposal or mixed finance proposal.

Future phases will also benefit from RHF increment funds received from the demolished JD PH units. An estimate of these future funding has not been determined.

44. Have any sources been identified for Human Capital funding, both capital and operating costs?

Answer: HACLA has made an initial commitment of \$1.5 MM for the implementation of the Human Capital/Family 1st Plan for 2011-12. Additionally, HACLA has established a Non-Profit entity called Kids Progress Inc. (KPI). KPI is designed to develop funds, partnerships and

resources to support and sustain the Human Capital activities at Jordan Downs and other public housing sites. Currently KPI is in a preliminary strategic planning phase and has not raised significant resources toward this effort.

45. Who provided the \$15.7MM loan for the land purchase? What was the intended source of repayment for the balloon payment in 2013?

Answer: The \$15.7 MM loan for the land purchase represented a draw from a Fannie Mae Line of Credit that HACLA had at the time of acquisition. The Fannie Mae LOC was replaced by a Wells Fargo LOC which was due in 2013; however, HACLA has paid off the LOC.

46. What are the City of Los Angeles financing commitments to the redevelopment of Jordan Downs? Can HACLA confirm the status of the MOU with City of Los Angeles and that all building impact and permit fees are waived for HACLA projects?

Answer: Redevelopment of Jordan Downs represents the cornerstone of the Mayor's Housing that Works Plan. In concert with the Mayor's Office, HACLA is working with various City partners to help facilitate the redevelopment of JD. While there are no hard commitments in place, we expect the development to compete and to receive a fair portion of the Affordable Housing Trust Funds available from LAHD.

HACLA and the City do not have a current MOU waiving fee.

47. Please confirm purchase price of 21-acre factory site. What is the source of funds for remediation of hazards? Who is the responsible party?

Answer: The purchase price for the 21-acre parcel is \$31.2 million. HACLA incurred an additional \$23,000 in closing costs for a total acquisition cost of \$31.23 MM. In addition, HACLA has incurred \$1.623 MM in interest payment on the \$15.7 MM debt on the property that it has subsequently paid off.

Please note the following correction under Section D. on Page 11 of RFQ 7556:

1. HACLA land (49-acres) the existing Jordan Downs development
 - a. FMV has not been determined
 - b. Equity invested on the 21 acres (aka 9901 Alameda) is \$31.2223 MM.
2. Debt on the 21 acres (aka 9901 Alameda) has been paid off
3. Interest Expenses on the 21 acres (aka 9901 Alameda) is \$1.623 MM

HACLA has identified and filed a cost recovery action against the ten entities it has identified as the responsible parties. That litigation is in process.

48. Is HACLA committed to one-for-one replace on site or can these units be placed in the surrounding neighborhoods?

Answer: Yes. We anticipate the Master Developer will propose a number of replacement units on site and off site in the surrounding community. HACLA does not expect 100% of hard ACC units to be built on-site. HACLA will consider other options that replace current ACC units with other affordable units for low-income families.

49. What funding sources are committed to this project from HACLA, the City and/or LAHD and how can they be used?

Answer: The following are funds committed to the project by HACLA.

Land:

HACLA Land Investment between the 21 acre parcel and the public housing underlying land.

Replacement Housing Factor funds:

Approximately \$11.7 million in RHF funds is currently being accumulated through 2014.

Capital Fund Financing Program (CFFP):

HACLA will be amenable to discuss pledging portions of future projected RFH funds towards a Capital Fund Financing Program, subject to the availability of appropriations.

HACLA's HUD grant capital resources, including CFFP and RHF funds, can only be used for costs associated with developing replacement public housing ACC units.

City and/or LAHD

At this point in time, no City funds have been committed to the JD project.

List of Attachments

1. Jordan Downs - Human Capital Plan: Existing Conditions and Summary of Findings - May 5, 2009
2. Retail Market Analysis (May 2011)
3. Exhibit M - AFFIDAVIT REGARDING INFORMATION SUBMITTED BY THE PROPOSER

We look forward to receiving your proposal.

Sincerely,



Ken Simmons
Interim President & CEO

ACKNOWLEDGEMENT:

I have received and reviewed Addendum No. 1 to RFQ 7556:

Proposer: _____

Signature: _____ Date: _____

Please include only this last page of the signed addendum in your Submittal.