



City of Huntington Beach

File #: 22-481

MEETING DATE: 6/7/2022

REQUEST FOR HOUSING AUTHORITY ACTION

SUBMITTED TO: Honorable Chair and Board Members

SUBMITTED BY: Sean Joyce, Interim Executive Director

VIA: Ursula Luna-Reynosa, Director of Community Development

PREPARED BY: Ursula Luna-Reynosa, Director of Community Development

Subject:

Authorize and direct the Executive Director to execute an Exclusive Negotiating Agreement with Jamboree Housing Corporation to establish an exclusive negotiating period to determine the feasibility of Developer's acquisition of 17642 Beach Boulevard for a mixed-use project consisting of a homeless shelter, affordable housing and various ancillary uses

Statement of Issue:

The Housing Authority Board is requested to authorize and direct the Executive Director to execute an Exclusive Negotiating Agreement (the "Agreement") with Jamboree Housing Corporation (the "Developer") for the property located at 17642 Beach Boulevard (the "Property"). The purpose of this Agreement is to establish a period during which the Developer may perform studies and investigations and other due diligence activities within the Property and other feasibility and financial analysis to determine the feasibility of Developer's acquisition of the Property and the City and Developer shall exclusively negotiate with each other in an attempt to agree on the terms of an affordable housing agreement, including a ground lease, fee-simple acquisition, or other disposition (an "Affordable Housing Agreement").

Financial Impact:

There is no financial impact associated with this request. If staff and the Developer agree to terms of an Affordable Housing Agreement, staff will return to the Housing Authority for consideration of such agreement and any fiscal impacts will be identified at that time.

Recommended Action:

Authorize and direct the City Manager to execute the "Exclusive Negotiating Agreement" with Jamboree Housing Corporation, in a form approved by the City Attorney.

Alternative Action(s):

Do not approve the recommended action.

Analysis:**Background**

The Huntington Beach Housing Authority (the “Housing Authority”) was established in 2011 per Health & Safety Code Sections 34200 et. seq. for the purpose of addressing a shortage of safe and sanitary dwelling accommodations in the City available to persons of low income. In 2019 and 2020, the Housing Authority acquired two adjacent parcels for a total of 1.6 acres to facilitate an affordable housing project. Since acquisition, the Property has been improved with a temporary homeless shelter (the “Navigation Center”).

On March 22, 2022 a Request for Qualifications (“RFQ”) (attached as Exhibit B to the Agreement) was released soliciting qualification statements to identify qualified development partners to develop, finance, and manage a new mixed-use development consisting of a homeless shelter, a sobering center, support services (physical and behavioral healthcare, housing navigation and employment), and transitional and low-income housing at various income levels.

The Property is located within the Neighborhood Boulevard segment of the Beach and Edinger Corridors Specific Plan (“BECSP”). This segment along Beach Boulevard (Hwy 39) is characterized by a significant amount of ageing commercial strip development, including auto-oriented uses, such as car dealerships. Development types are dominated by one-story, single-loaded commercial buildings surrounded by surface parking lots with little landscaping or pedestrian amenities. The planning approach to this area is to facilitate long-term transition from strip retail to uses more focus on nearby populations, featuring development types that retain visibility to motorists on Beach Boulevard, while providing a more visually attractive and comfortable pedestrian environment. Neighborhood-serving and hospital-serving retail and services, corner/crossroads located retail, and office and office-medical are encouraged to take advantage of the proximity to the Huntington Beach Hospital and its related cluster of medical services. In-fill residential uses are also permitted throughout this segment.

Since acquiring the Site in 2020, the Housing Authority has worked with the City and County of Orange to facilitate the Navigation Center and implemented the Be Well Mobile Response program. These accomplishments are a testament to the City Council’s aspirations to address homelessness in a unique and meaningful way. The Housing Authority desires a development partner to facilitate in creating a distinct facility to support individuals from street to home. The goal of this facility is to provide space that allows the engagement of unhoused individuals and create a path from homelessness to housing; while addressing the underlying barriers that have prevented housing in the past. The desired continuum of services to be provided on site include a combination of shelter operations, a sobering center, behavioral and physical healthcare, housing navigation, and employment services.

Assessment of Qualifications

Respondents to the RFQ were asked to submit information in the following categories:

- Organizational Structure
- Firm’s Experience

- Relevant Experience
- Financial Capacity

Respondents were required to identify their development team and provide biographies for key development staff. In addition, they were required to provide a narrative about their development approach for this particular project.

The evaluation process was designed to select a respondent, not based on the least cost, rather the respondent with the best combination of attributes (experience, financial capacity/ ability to secure funding, and successful partnerships with service providers). The Developer submitted a qualification statement (attached as Exhibit C) that demonstrated strong partnerships, experience and financial capacity. The Developer has partnered with Mercy House and Be Well which already have successful partnerships with the City. Equally important, the Developer effectively communicated their desire to be a partner that is equally committed to assisting the City in making significant impacts toward the well-being of our most vulnerable community members.

Exclusive Negotiating Agreement

Staff is seeking Housing Authority authorization and direction for the Executive Director to execute the Agreement with the Developer for 360 days during which the Developer may perform studies and investigations and other due diligence activities within the Property and other feasibility and financial analysis to determine the feasibility of Developer's acquisition of the Property and the City and Developer shall exclusively negotiate with each other in an attempt to agree on the terms of an affordable housing agreement, including a fee-simple acquisition, ground lease, or other disposition. Approval of the Agreement does not obligate the Housing Authority to enter into an Affordable Housing Agreement or any other agreement with the Developer.

During the negotiating period the Developer will conduct due diligence to fully understand the condition of the Property and any constraints to development. Collaborative discussions between the City and Developer will occur related to design and cost of a potential development project, including long-term operating costs. The Developer will also explore funding sources and financing options. Successful negotiations will conclude in agreed upon business terms to be incorporated into an Affordable Housing Agreement. Such agreement will be brought to the Housing Authority Board for consideration along with project details including concept design, operation plan, estimated total project cost for construction, projected costs for operation, sources of funds (include Housing Authority and City contributions), Developer's responsibilities, etc.

Environmental Status:

Pursuant to CEQA Guidelines Section 15378(b)(5), administrative activities of governments that will not result in direct or indirect physical changes in the environment do not constitute a project. If negotiations are successful an Affordable Housing Agreement will be brought forward for the Housing Authority's consideration and an environmental assessment will be conducted at that time.

Strategic Plan Goal:

Economic Development & Housing
Homelessness Response

Attachment(s):

1. Exclusive Negotiating Agreement
2. Exclusive Negotiating Agreement Exhibits