

Agenda Report

October 23, 2023

TO: Honorable Mayor and City Council

FROM: Housing Department

SUBJECT: AUTHORIZE A CONTRACT AWARD FOR PROPERTY INSPECTION SERVICES WITH SCOTLAND YARD HOME INSPECTIONS FOR INSPECTION OF CALTRANS PROPERTIES FOR AN AMOUNT NOT TO EXCEED \$262,500

RECOMMENDATION:

It is recommended that the City Council:

- 1) Find that the recommended actions are exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines per Section 15061 (b) (3), the "common sense" exemption that CEQA only applies to projects that may have an effect on the environment; and
- 2) Authorize the City Manager to enter into a professional services contract, and to execute all related documents and amendments, with Scotland Yard Home Inspections for an amount not to exceed \$262,500. Proposed contract is for a six-month contract term. Contract is recommended as the result of a competitive selection process as specified by Section 4.08.047 of the Pasadena Municipal Code; competitive price bidding is not required pursuant to City Charter Section 1002(F) (contracts for professional or unique services).

BACKGROUND:

SB 959

In the 1950s, 1960s, and 1970s, the California Department of Transportation ("CalTrans") acquired four hundred sixty (460) properties in Pasadena, South Pasadena, and El Sereno for the construction of its SR-710 North Project, which would have connected the northern stub of the SR-710 with the 210 Freeway. The SR-710 North project was officially terminated with CalTrans' 2018 certification of the final environmental impact report on the freeway and subsequent legislation in 2019.

The Roberti Act (Senate Bill 86) was enacted in 1979 for the purpose of preserving, maintaining, and expanding the supply of affordable housing to affected persons and families of low- or moderate-income.

The Roberti Act set forth the priorities and procedures for the sale of state-owned surplus residential properties located within the State Route 710 (SR 710) corridor in Los Angeles County. The Act requires CalTrans to sell properties in a specific order of priority and restricts the use of sales proceeds, primarily for affordable housing and transportation projects.

The recently passed Senate Bill 959 (Portantino, 2022) amends the Roberti Act and provides the City with purchase priority for CalTrans' owned vacant surplus properties along the 710 corridor that are located within its boundaries. SB 959 enables the City to purchase these vacant surplus properties at the price that CalTrans acquired them for, provided that the properties are either used for affordable housing or that net proceeds from the subsequent market rate sale of the properties are used for the creation or preservation of affordable housing. The City is required to finance the production or acquisition of affordable housing units at a three-to-one (3-to-1) ratio for each house sold at market rate.

Request for Proposals – Property Inspection Services

On July 6, 2023, CalTrans transmitted a Notice of Solicitation to the City. This Notice of Solicitation contained seventeen (17) property addresses, along with the original acquisition prices, which average at \$57,420. The City indicated its interest in purchasing all seventeen (17) properties in a response dated July 25, 2023.

The City has identified four (4) of the properties as potential affordable homeownership opportunities, with the remaining thirteen (13) properties to be marketed and sold to market buyers. The City will enter into purchase and sale agreements with CalTrans after conducting its due diligence, including property appraisals and inspections. Staff will return to Council with a recommendation to acquire the properties that contains information about the due diligence findings.

The City currently intends to begin marketing efforts while in escrow for the properties, which will require the services of listing agents. All properties will be sold in "as-is" condition. The City is proposing that buyers will be required to execute a performance deed of trust in the form of an addendum to their purchase and sales agreement.

In preparation to purchase and sell these seventeen (17) properties, the City issued a Request for Proposals ("RFP") for property inspection services in order to commence its due diligence. The RFP was initially open from July 24, 2023 to August 15, 2023 and then subsequently re-opened September 11, 2023 to September 25, 2023 after no proposals were received. The Scope of Work was revised for the second RFP period to include feedback from the Building and Safety Division.

A total of 3,086 vendors were notified about the RFP Outreach for the second RFP period including outreach to the Pasadena Foothill Association of Realtors and to individual inspection firms based in Southern California. Three potential proposers downloaded the application and one (1) proposal was received.

An evaluation panel was assembled, consisting of cross-departmental staff, including

staff from the City Manager's office (Economic Development) and the Housing Department.

The proposal received in response to the RFP was evaluated by the panel and scored according to specific criteria detailed in the RFP that consisted of responsiveness of proposal, background and relevant experience, cost effectiveness, and whether the vendor is a local Pasadena business or small business.

Evaluator scores were tabulated. Attachment A contains a summary of the scoring based on the established evaluation criteria.

Recommended Vendor

<u>Vendor</u>	<u>Location</u>	<u>Total Score</u>
Scotland Yard Home Inspections	Pasadena, CA	86.33

The evaluation panel recommended Scotland Yard Home Inspections, a Pasadena-based business that has previously provided property inspection services to the City for both multifamily properties and individual condominium units. Scotland Yard Home Inspections demonstrated a clear understanding of the Scope of Work.

The recommended contract is for an amount not to exceed \$262,500 for a six-month term.

COUNCIL POLICY CONSIDERATION:

The proposed action is consistent with the City's General Plan - Housing Element and the Five-Year Consolidated Plan. It also supports and promotes the quality of life and the local economy -- a goal of the City Council's Strategic Plan.


ENVIRONMENTAL ANALYSIS:

The action proposed herein are exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061 (b)(3), the "common sense" exemption of CEQA which applies to projects which may have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Executing a contract for property inspection services will not have a significant effect on the environment and, hence, are not subject to CEQA. The action is also exempt pursuant to State CEQA Guidelines Section 15326, which applies to the acquisition of housing for housing assistance programs.

FISCAL IMPACT:

The recommended actions will have no direct fiscal impact. The funds recommended to be used for the proposed contract is included in Other Housing Fund (Fund 238) of the Department's Fiscal Year 2024 Operating Budget.

Respectfully submitted,



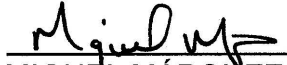
for William K. Huang
Director of Housing

Prepared by:



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Approved by:



MIGUEL MÁRQUEZ
City Manager

Attachment A – Property Inspection Services Scoring Matrix by Criteria