RESOLUTION APPROVING THE ACQUISITION OF THE FOLLOWING TWO (2) REAL PROPERTY ASSETS: (1) HOWARD JOHNSON HOTEL – 7432 RESEDA BLVD, LOS ANGELES, CA 91335, FOR OF $16,228,765 AND (2) TRAVELODGE HOTEL GARDENA – 18500 NORMANDIE AVE LOS ANGELES, CA 90248, FOR $9,200,000 IN RESPONSE TO THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT’S (“HCD”) NOTICE OF FUNDING AVAILABILITY FOR THE HOMEKEY PROGRAM IN PARTNERSHIP WITH THE CITY OF LOS ANGELES: APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL RELATED DOCUMENTS, CERTIFICATES AND AGREEMENTS, INCLUDING PURCHASE AND SALE AGREEMENTS, AND HCD STANDARD AGREEMENTS; MAKING A DETERMINATION THAT THESE ACQUISITIONS ARE EXEMPT FROM ENVIRONMENTAL REVIEW UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH.

Purpose: The Housing Authority of the City of Los Angeles (“HACLA” or “Authority”) in collaboration with the City of Los Angeles (“City”) through a Professional Services Agreement, proposes to purchase two (2) Hotel properties, in response to the State of California (“State”) Department of Housing and Community Development’s (“HCD”) Notice of Funding Availability (“NOFA”) for the Homekey Program. This program was created to help fund, sustain and expand the inventory of housing for people experiencing homelessness or at risk of homelessness and impacted by COVID-19.

Regarding: Approval of this Resolution is consistent with HACLA’s Acquisition and Disposition of Real Property Policy, which was last amended at the October 22, 2020 Board meeting.

Resolution No. 9613 adopted by the Board on July 30, 2020 authorized HACLA submittal of multiple applications to the State HCD Homekey program on its behalf as well as in collaboration with the City to further the goal of expanding options for deeply affordable permanent and interim housing solutions in the City of Los Angeles.

This report provides a detailed explanation of each of the Properties selected for purchase on behalf of the City with property descriptions attached hereto as Attachments 3 and 4. While HACLA has acted as the lead on behalf of the City in entering into purchase agreements and opening of escrow for the related properties, all financing to close escrow on the properties will be provided by the City and grant funding from HCD’s Project Homekey Program. HACLA has funded the initial deposits, in addition to third party due diligence costs which will be reimbursed at closing by the City.

Issues

Background On July 16, 2020, the State of California through its Department of Housing and Community Development issued the NOFA for the Homekey Program which builds on the success of the statewide Roomkey Program, utilizing federal Coronavirus Relief Funds to temporarily house vulnerable individuals and households during the COVID-19 pandemic. The Homekey Program, initiated with $550 million in Coronavirus Relief Funds and $50 million in state General Funds, intends to produce more permanent housing solutions for residents impacted by COVID-19, targeting specifically people experiencing homelessness or at risk of experiencing homelessness as defined in Section 578.3 of Title 24 of the Code of Federal Regulations. Under the Homekey Program, this can be accomplished primarily through acquisition and occupancy of units for permanent housing, although the guidelines also allow interim housing uses as well as alternate means of creating units, such as converting motel units into residential housing. Of the $550 million being made available, the state has provided approximately $108 million in capital grants for fourteen proposed projects in the City of Los Angeles, including the two being considered in this report.

The COVID-19 pandemic has exacerbated existing community needs and inequalities. In many communities, homelessness was already experienced disproportionately by race and other protected classes and persons experiencing
Homelessness are at increased risk of infection and death due to COVID-19. Homekey is an opportunity for local public agencies to purchase motels and a broad range of other housing types in order to increase their community's capacity to respond to homelessness and the current COVID-19 pandemic.

**HomeKey Program:**

The program mandates that these Homekey funds be expended prior to December 30, 2020, requiring the Homekey jurisdictions to only submit "ready" projects that can meet these expenditure requirements. Applications were accepted between July 22nd and September 30th and prioritized on a "First Come First Serve" order, with applications specifically received between July 22nd and August 13th given the highest priority and points. The NOFA divides eligible projects into two tiers, with Tier 1 given highest priority for funding.

In anticipation of the Homekey Program’s concept, the Authority vetted properties that would meet the State’s Tier 1 (priority funding) requirements which require the properties to be primarily vacant, with little rehabilitation requirements and that could be readied for occupancy or substantially occupied (>50%) in 90-days from the date of acquisition. Tier 1 properties must produce permanent units, although projects can begin as interim housing, but must provide a clear path for conversion to permanent housing or a connection through the Continuum of Care program that demonstrates a coordinated exit strategy for occupants.

Of the sixteen (16) project applications submitted for funding as Tier 1 eligible projects, eleven (11) were City-designated projects with HACLA as the lead applicant and the City as co-applicant. Of these eleven City/HACLA co-applicant projects, the State has reserved funding for nine (9) and the City intends to fund one (1) project with its own federal allocation of emergency funding for COVID-19 response. Eight (8) of these projects were approved by the Board on October 22, 2020. The remaining two (2) financing contingencies are ready to be released and are the subject of this board report.

The remaining five (5) applications, comprised of either existing vacant apartment complexes or hotels/motels that could immediately be converted to permanent efficiency apartment units, were designated as HACLA projects with HACLA as the primary or sole applicant for the Homekey funds. Three (3) of these projects were approved for acquisition by the Board on September 24, 2020 and the other two (2) will be presented to the Board in a complimentary report on the Board of Commissioner’s agenda for October 29, 2020.

The Homekey Program provides up to $200,000 per unit for acquisition costs, with the first $100,000 not requiring a local match; the next $50,000 requiring a one-for-one match; and the last $50,000 requiring a two-for-one match. Therefore, any project needing the full $200,000 is required to demonstrate a local match equal to $150,000. The match funds can be used towards upfront costs, cost of acquisition, rehabilitation or longer-term operating subsidy.

The Board is not being asked to allocate or approve any funding to meet application match requirements or other project related costs for these two (2) City designated properties addressed in this report. The resolution adopted in connection with this report is required to allow HACLA to acquire the respective properties on behalf of the City, contingent on receipt of Homekey funds, the City’s funding of required matching funds, and acceptance of all terms of purchase as set forth in the purchase and sale agreements. The City is responsible for providing all funding necessary to effectuate the escrow closings and will reimburse HACLA for all upfront costs incurred in the due diligence analysis (appraisal, Physical Needs Assessments, Phase 1 Environmental, Phase II Environmental, Lead Based Paint Surveys, Asbestos Reports, architectural plans, permits, title and recording, survey) of the properties as well as initial escrow deposits.

**Ownership:**

Concurrent with the State’s review of the City and HACLA’s Project Homekey applications, the City issued a Request for Proposals (“RFP”) on September 28, 2020, with proposals submitted on October 19, 2020 to identify qualified owner/operators (“Owner/Operators”) to operate the properties as interim and long-term housing. Twenty-five (25) proposals were received and the City intends to award contracts to selected Owner/Operators by the end of November 2020. At the close of escrow or close in time thereafter, ownership of the property will be transferred from HACLA to the selected owner/operator. The City will record a Deed of Trust and a regulatory agreement restricting the use of the property as interim housing for up to five (5) years; after which it will be converted to permanent housing.
with financing from the City and other public and private sources, and remain affordable for 55 years or if not viable as permanent housing will continue as interim housing for an additional five (5) years to meet all Homekey funding obligations. The State will record covenants on these properties at escrow closing. Promissory Notes for the full value of the property will be recorded. If the property converts to permanent housing, it is the City’s expectations that the acquisition value will be paid down as a residual receipt loan during the term of its covenant. If the property remains interim housing, the City intends to have the full value of the property repaid through a service repayment loan. Both properties will serve the public purpose of providing deeply affordable housing to homeless and at risk of homeless and the transfer of the property at the same value which was paid by the City and State is not considered a gift of public funds and meets the public benefit requirements of all applicable State Health and Safety Codes.

The State of California is requiring all properties to be purchased prior to December 2, 2020 with the majority of acquisitions to take place in the early part of November. Although the City believes it will have viable operators for all the properties acquired, all agreements amongst the parties may not be ready in time to allow the City to substitute qualified owner/operators at the time of escrow closing. In cases where the owner/operator agreements are not in place, HACLA will retain ownership until ownership can be transferred to the selected owner/operator. In the event this occurs, HACLA will use its existing contracts with third party management companies or the existing prior property Sellers through a master lease-back agreement to manage and maintain the site temporarily. Howard Johnson Hotel has a Project Roomkey contract with the County that extends through December 30, 2020 and the Seller has stated their interest in continuing to oversee operations including site management, security, maintenance and cleaning services related to the Roomkey contract under a lease back structure. LAHSA and City-contracted service providers will continue provide direct services, meals and housing navigation. This allows for existing services to continue in an efficient manner with no disruption of services. The Travelodge Gardena Hotel will be delivered vacant and maintained by HACLA in a vacant state until it can be transferred to an Owner/Operator.

Once selected Owner/Operators are in place, HACLA will transfer ownership with ready to issue permits so they can immediately complete any necessary rehabilitation to address life/safety issues as well as ensure ADA compliance. Prior to occupancy, 10% of units will be equipped with mobility features and 4% will be equipped with communication features, as defined by California Building Code Chapter 11B. The City has reserved $30 million in Emergency Solutions Grant - COVID funds for this purpose.

The City will fund the interim housing operations for a minimum period of five (5) years, with the assistance of the County of Los Angeles ("County") pursuant to a June 2020 agreement intended to fund operations for 6,000 interventions for unsheltered people experiencing homelessness. The City will support the capital costs associated with establishing all of these interventions and operating and service costs for five (5) years. These projects will contribute to the City’s strategy to meet that goal.

### Properties

The Housing Authority and the City have made determinations that the following two (2) properties meet the requirements of the Homekey Program and will serve the hardest hit communities impacted by COVID-19.

Each property identified below will be utilized for Interim housing, the owner/operator will connect participants with additional off-site supportive services, and provide ongoing case management and housing navigation services, with the ultimate goal of conversion to permanent housing in five years.

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Purchase Price</th>
<th>Appraisal Value</th>
<th>Council District</th>
<th>APN#</th>
<th>No. of Units</th>
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<tbody>
<tr>
<td>Howard Johnson</td>
<td>7432 Reseda Blvd, Los Angeles, CA</td>
<td>$16,228,765</td>
<td>$16,500,000</td>
<td>CD3</td>
<td>2119-01-7054</td>
<td>75</td>
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<td>Travelodge Gardena</td>
<td>18600 Normandie Avenue, Los Angeles, CA</td>
<td>$9,200,000</td>
<td>$9,275,000</td>
<td>CD15</td>
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<td><strong>Total</strong></td>
<td></td>
<td><strong>$25,428,765</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>115</strong></td>
</tr>
</tbody>
</table>

**Financing:** Currently, both projects have a Homekey reservation totaling $18,485,649.
The reservation is not a funding commitment but rather informs applicants that they have passed threshold and will be awarded, contingent upon expeditious submission of required supplemental information and documentation to HCD. The State is completing its underwriting and expects to issue Standard Agreements for these properties in the next few weeks. In the event that not all properties are awarded Homekey funds, the City will make a determination on whether to cancel escrow for the non-awarded properties or use other City funds to acquire them. In either case all funds expended by HACLA on behalf of the City in conducting due diligence activities on the properties will be reimbursed to HACLA by the City either at escrow closing or cancellation of escrow.

The anticipated project costs for the respective properties are included in ATTACHMENT 2 of this Board report. In summary projected project costs are as follows:

- **Total Acquisition costs**: $25,428,765, to be funded by Homekey funds and City matching funds at escrow closing. $150,000, initial deposits have been funded by HACLA on behalf of the City, to be reimbursed by the City at escrow closing or upon cancellation of escrow.
- **Total Rehabilitation costs**: Estimated to be approximately $358,614, for minor life/safety repairs prior to occupancy and ADA compliance to be funded by the City and completed by the Owner/Operator after escrow closing.
- **Total 3rd party costs**: Estimated to be approximately $364,500 and includes costs anticipated to be incurred prior to escrow closing to conduct property due diligence. These costs will be incurred by HACLA on behalf of the City, to be reimbursed by the City at escrow closing or later reimbursement by invoice after or upon cancellation of escrow.
- **HACLA Administration fees**: Estimated to be approximately $152,851, this is based on 2% of the total cost of the project including purchase price, minor rehabilitation and pre-acquisition expenses included in the project budget for each property, to cover overhead and staff related costs for the coordination of the Homekey applications, administering the acquisition of the properties, including vetting of properties, negotiating and drafting of Letters of Intent and Purchase and Sale Agreements, escrow opening/tracking, in-house legal review, conducting property due diligence, and managing consultants in the preparation and review of appraisals, environmental and physical needs assessments, as well as preparation of permits.

**Rehabilitation/Permitting:**

The Housing Authority has conducted physical needs assessments ("PNAs") to determine the immediate rehabilitation needed for each property prior to occupancy and consulted with the City to ensure the properties can legally operate as non-transient housing. HACLA will be responsible for obtaining all necessary permits and working with Los Angeles Department of Building and Safety ("LADBS") to ensure each property has the proper occupancy permits and permits necessary for any needed minor rehabilitation and compliance with ADA requirements. The objective is to have all permits in hand at the close of escrow for the immediate rehabilitation necessary to be completed timely, in order to ensure compliance with the Homekey requirements for substantial occupancy within 90 days of acquisition. The rehabilitation would then be completed by the selected owner/operator selected in the RFP process conducted by the City.

**Vision Plan:**

**Place Strategy #4: Stewards efforts to reduce and alleviate homelessness**

Prioritizing actions to plan, support and lead efforts to address homelessness in a variety of populations and by varied means.

**Place Strategy #5: Expand HACLA’s role in the broader communities it serves to improve neighborhood-wide health and wellbeing.**

HACLA has identified opportunities to participate and support community-based efforts to advocate for improvements to infrastructure, safety, health, education and economic equity.

**Funding:**

The Chief Administrative Officer confirms the following:

**Source of Funds:**

The $150,000 for deposits and $364,500 in 3rd party due diligence costs may be advanced with unrestricted and uncommitted non-federal proceeds from HACLA-owned properties’ asset management portfolio. All actual HACLA incurred costs in connection with the City properties will be reimbursed to HACLA by the City at escrow closing or by reimbursement post-closing. For any escrows cancelled, HACLA costs will also be reimbursed by the City.
The $25,428,765 needed for acquisition funding at close of escrow and all related closing costs will be funded by the City of Los Angeles and State of California.

**Budget and Program Impact:**
Although not anticipated in the FY2020 budget, the actions and expenditures related to the acquisition of these sites is generally in line with HACLA’s Acquisition Program and the Authority’s mission and goals. Funds expended are anticipated to be repaid in full during escrow or by invoice within sixty days of closing on each property.

**Environmental Review:**

**NEPA:**
The primary source of funding for the Homekey program, Coronavirus Relief Funds, are federal funds, thus making the acquisitions discussed herein potentially subject to the National Environmental Policy Act (“NEPA”). HCID/LA has completed review of Travelodge Gardena and determined it’s categorically exempt and Howard Johnson Hotel is pending review subject to the completion of a Phase II, which review will be completed prior to close of escrow.

**CEQA:**
For purposes of the California Environmental Quality Act (Public Resources Code, §21000 et seq.) (“CEQA”), HACLA is the Lead Agency on all the projects identified above. Based upon review of the exemption criteria and the information available at the time of review of these acquisition recommendations, the projects meet all of the applicable requirements set forth in Health and Safety Code section 50675.1.2 and are therefore exempt from CEQA pursuant to Health and Safety Code sections 50675.1.1 and 50675.1.2. Specifically: none of the units are being acquired via eminent domain; the units will be in decent, safe, and sanitary condition at the time of their occupancy, where applicable; all contractors working on the projects will, as applicable, be required to comply with applicable Labor Code requirements; the projects will comply with applicable Public Contract Code provisions, the acquisitions are being paid for exclusively with public funds; the projects will provide housing units for individuals and families who are experiencing homelessness or who are at risk of homelessness; long-term covenants and restrictions require the units to be restricted to persons experiencing homelessness or who are at risk of homelessness, which may include lower income, and very low income households, for no fewer than 55 years for permanent housing and 10 years for interim housing; and the projects do not increase the original footprint of the projects’ structures by more than 10 percent, and an increase to the footprint of the original projects’ structures, if any, are exclusively to support the conversion to housing for the designated population, including, but not limited to, both achieving compliance with local, state, and federal requirements and providing sufficient space for the provision of services and amenities. These projects all meet the normal CEQA exemptions allowed under Section 15301 (Existing Facilities) and Section 15326 (Acquisitions of Housing for Housing Assistance Programs). Additionally, the identified project acquisitions qualify for the statutory exemptions from the requirements of CEQA under California Public Resources Code section 21080(b)(4) and 14 Cal. Code Regs. 15269(c) as they are being acquired as an emergency response for the purpose of serving those most vulnerable to COVID-19. Should the Board make a finding that the exceptions apply, a Notices of Exemption (“NOE”) for each Project will be submitted to the Los Angeles County Registrar-Recorder/County Clerk (“LA RR/CC”), as applicable, pursuant to Public Resources Code section 21152(b).

**Section 3:** Not Applicable

**Attachments:**
1. Resolution
2. Attachment - Summary of project costs
3. Attachment - Property #1: Howard Johnson
4. Attachment - Property #2: Travelodge Gardena
RESOLUTION NO. ___________

RESOLUTION APPROVING THE ACQUISITION OF THE HOWARD JOHNSON HOTEL – 7432 RESEDA BLVD, LOS ANGELES CA, 91335, FOR $16,228,765 IN RESPONSE TO THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT’S ("HCD") NOTICE OF FUNDING AVAILABILITY FOR THE HOMEKEY PROGRAM IN PARTNERSHIP WITH THE CITY OF LOS ANGELES, AND APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL RELATED DOCUMENTS, CERTIFICATES AND AGREEMENTS, INCLUDING A PURCHASE AND SALE AGREEMENT AND ANY AMENDMENTS, HCD STANDARD AGREEMENTS AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH AS WELL AS MAKING A DETERMINATION THAT THIS ACQUISITION IS EXEMPT FROM ENVIRONMENTAL REVIEW UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

WHEREAS, the Housing Authority of the City of Los Angeles (the “Authority”) is a public body, corporate and politic, duly created, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Housing Authorities Law, consisting of Part 2 of Division 24 of the California Health and Safety Code (the “Act”), including the power to finance, acquire and manage property to provide affordable housing;

WHEREAS, the Authority is authorized to acquire and dispose of real property and enter into contracts and agreements related thereto pursuant to the California Health and Safety Code Section 34200 et seq. and particularly with respect to Section 34315;

WHEREAS, the Authority has adopted by Resolution 9587, on April 23, 2020, an Acquisition and Disposition of Real Property Policy (the “Policy”) to institute a revised and updated real property acquisition program (“Acquisition Program”) and to revise and restate its Prior Policy to reflect the Authority’s Build HOPE Vision Plan goals to acquire additional real property and to provide for the disposition of real property;

WHEREAS, the State of California ("State") Department of Housing and Community Development ("HCD") has issued a Notice of Funding Availability (“NOFA”) for the Project Homekey Program;

WHEREAS, HCD is authorized to administer the Homekey Program pursuant to the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code) and in addition, Homekey funding allocations are subject to the terms and conditions of the NOFA, the Application, the HCD-approved STD 213 Standard Agreement (“Standard Agreement”), and all other legal requirements of the Homekey Program;

WHEREAS, the State Homekey program was created to help fund, sustain and expand the inventory of housing for people experiencing homelessness or at risk of homelessness and impacted by COVID-19;

WHEREAS, the Authority submitted applications for the properties referenced in the accompanying Board Report (“Properties”), in partnership and as a co-applicant with the City of Los Angeles (“City”) in response to the NOFA, dated July 16, 2020 for the Homekey Program, which also includes grant funding for ongoing operations from the State pursuant to Health and Safety Code section 50675.1.1 (Assembly. Bill No. 83 (2019-2020 Reg. Sess.), § 21.);

WHEREAS, the Authority now wishes to acquire two (2) Properties included in the accompanying Board Report on behalf of and in cooperation with the City to provide one hundred and fifteen (115) units of interim housing for households at risk of homelessness and especially vulnerable to impact by COVID-19, contingent upon satisfactory completion of due diligence, and approval herein from the Board of Commissioners to enter into Purchase and Sale Agreements with the applicable Sellers;

WHEREAS, the Howard Johnson Hotel was appraised by a third-party appraiser and the amount offered by the Authority and accepted by the Seller of 16,228,765 is aligned with and validated by the findings of such an appraisal dated September 2, 2020 by Gribin, Kapadia & Associates and a corrected appraisal dated October 20, 2020 prepared by Cressner and Associates, Inc;

WHEREAS, this Property is located wholly within the City of Los Angeles;

WHEREAS, the Authority, acting on behalf of and in cooperation with the City, executed the Purchase and Sale Agreement for Howard Johnson Hotel, conducted related due diligence and such purchase will include advance funding for all due diligence costs and initial escrow deposit costs estimated, at $151,115 and $50,000 respectively;

WHEREAS, the Authority, at the direction of the City, intends to assign its rights to the
property in escrow or dispose of the property through grant deed shortly thereafter to a qualified Owner/Operator selected by competitive bid by the City of Los Angeles to own and operate the site for the sole public purpose of providing deeply affordable housing under covenants recorded by the City; and

WHEREAS, in review of the California Public Resources Code and exemption criteria therein and the information available at the time of the report on this acquisition recommendation, the Board of Commissioners has determined that the project meets all of the applicable requirements set forth in Health and Safety Code section 50675.1.2 and is therefore exempt from CEQA pursuant to Health and Safety Code sections 50675.1.1 and 50675.1.2.

NOW, THEREFORE, BE IT RESOLVED, the Board of Commissioners of the Housing Authority of the City of Los Angeles does hereby authorize and approve as follows:

Section 1. The recitals hereinabove set forth are true and correct, and this Board of Commissioners so finds. This Resolution is being adopted pursuant to the powers granted the Authority by Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code.

Section 2. The Housing Authority of the City of Los Angeles ("Authority") hereby approves the acquisition of Howard Johnson Hotel, located at 7432 Reseda Blvd., Los Angeles, CA for a not-to-exceed amount of $16,228,765 in order to further the City of Los Angeles' response to addressing the COVID-19 public health crisis and the general housing crisis in the City, and authorizes execution, by the Authority’s President and CEO, or his/her designee, of any and all related documents, contracts for services and financing documents, including but not limited to the HCD Standard Agreement upon award of Homekey Program funds and any other documents or certificates related thereto with such changes as approved by legal counsel in order to effectuate the intent of this Resolution including the purchase, escrow closing, operation and cost reimbursements related to this property.

Section 3. That if the Authority’s applications are awarded Homekey Program funds, the President and CEO, or his/her designee, is authorized and directed to accept such award and ensure that any funds awarded for capital acquisition expenditures are spent by December 30, 2020 unless such date is extended by HCD or the State, and that any funds awarded for capitalized operating subsidies are spent by June 30, 2022, unless extended by HCD or the State or within whatever statutory limits are required by the grantor.

Section 4. That if any application for Homekey Program funding is approved, the President and CEO, or his/her designee, is hereby authorized and directed to enter into, execute, and deliver one or more HCD Standard Agreements, and any and all other documents required or deemed necessary or appropriate to secure the Homekey Program funds from HCD and participate in the Homekey Program, and all amendments thereto (collectively, the “Homekey Documents”) all as approved by legal counsel and the Authority staff and Board acknowledge that any and all activities, expenditures, information, and timelines represented in the Project Homekey Application will be enforceable through the HCD Standard Agreement(s) and funds are to be used for the allowable expenditures and activities identified in the applicable HCD Standard Agreement(s).

Section 5. That the Authority may dispose of the property to an Owner/Operator selected by the City of Los Angeles through competitive bid for an amount equal to the value paid for the property through this Homekey Program and record any and all deed restrictions, promissory notes or other obligations on the property at the time of sale to ensure the property serves its public benefit purpose.

Section 6. BE IT FURTHER RESOLVED that this Resolution shall be effective upon its adoption.
PASSED AND ADOPTED by the Housing Authority of the City of Los Angeles this 29th day of October 2020.

APPROVED AS TO FORM: JAMES JOHNSON

By: ____________________________
    General Counsel

DATE ADOPTED: ____________________________

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

By: ____________________________
    Chairperson Ben Besley
WHEREAS, the Housing Authority of the City of Los Angeles (the “Authority”) is a public body, corporate and politic, duly created, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Housing Authorities Law, consisting of Part 2 of Division 24 of the California Health and Safety Code (the “Act”), including the power to finance, acquire and manage property in the furtherance of providing affordable housing;

WHEREAS, the Authority is authorized to acquire and dispose of real property and enter into contracts and agreements related thereto pursuant to the California Health and Safety Code Section 34200 et seq. and particularly with respect to Section 34315;

WHEREAS, the Authority has adopted by Resolution 9587, on April 23, 2020, an Acquisition and Disposition of Real Property Policy (the “Policy”) to institute a revised and updated real property acquisition program (“Acquisition Program”) and to revise and restate its Prior Policy to reflect the Authority’s Build HOPE Vision Plan goals to acquire additional real property and to provide for the disposition of real property;

WHEREAS, the State of California (“State”) Department of Housing and Community Development (“HCD”) has issued a Notice of Funding Availability (“NOFA”) for the Project Homekey Program;

WHEREAS, HCD is authorized to administer the Homekey Program pursuant to the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code) and in addition, Homekey funding allocations are subject to the terms and conditions of the NOFA, the Application, the HCD-approved STD 213 Standard Agreement (“Standard Agreement”), and all other legal requirements of the Homekey Program;

WHEREAS, the State Homekey program was created to help fund, sustain and expand the inventory of housing for people experiencing homelessness or at risk of homelessness and impacted by COVID-19;

WHEREAS, the Authority submitted applications for the properties referenced in the accompanying Board Report (“Properties”), in partnership and as a co-applicant with the City of Los Angeles (“City”) in response to the NOFA, dated July 16, 2020 for the Homekey Program, which also includes grant funding for ongoing operations, from the State pursuant to Health and Safety Code section 50675.1.1 (Assem. Bill No. 83 (2019-2020 Reg. Sess.), § 21.);

WHEREAS, the Authority now wishes to acquire two (2) Properties included in the accompanying Board Report on behalf of and in cooperation with the City to provide one hundred fifteen (115) units of interim housing for households at risk of homelessness and especially vulnerable to impact by COVID-19, contingent upon satisfactory completion of due diligence, and approval herein from the Board of Commissioners to enter into Purchase and Sale Agreements with the applicable Sellers;

WHEREAS, the Travelodge Hotel – Gardena was appraised by a third-party appraiser and the amount offered by the Authority and accepted by the Seller of $9,200,000 is aligned with and validated by the findings of such appraisal dated September 14, 2020 by Gribin, Kapadia & Associates and a later corrective appraisal dated October 21, 2020 prepared by Cressner and Associates, Inc.;

WHEREAS, the Property is located wholly within the City of Los Angeles;

WHEREAS, the Authority, acting on behalf of and in cooperation with the City, executed the applicable Purchase and Sale Agreement for Travelodge Hotel – Gardena, conducted related due diligence and advanced funding for all due diligence costs and initial escrow deposit costs estimated, at $213,345 and $100,000 respectively;
WHEREAS, the Authority, at the direction of the City, intends to assign its rights to the property in escrow or dispose of the property through grant deed shortly thereafter to a qualified owner/operator selected by competitive bid by the City of Los Angeles to own and operate the site for the sole public purpose of providing deeply affordable housing under covenants recorded by the City; and

WHEREAS, in review of the California Public Resources Code and exemption criteria therein and the information available at the time of the report on this acquisition recommendation, the Board of Commissioners has determined that the project meets all of the applicable requirements set forth in Health and Safety Code section 50675.1.2 and is therefore exempt from CEQA pursuant to Health and Safety Code sections 50675.1.1 and 50675.1.2.

NOW, THEREFORE, BE IT RESOLVED, the Board of Commissioners of the Housing Authority of the City of Los Angeles does hereby authorize and approve as follows:

Section 1. The recitals hereinabove set forth are true and correct, and this Board of Commissioners so finds. This Resolution is being adopted pursuant to the powers granted the Authority by Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code.

Section 2. The Housing Authority of the City of Los Angeles ("Authority") hereby approves the acquisition of Travelodge Hotel – Gardena, located at 18600 Normandie Avenue, Los Angeles CA for a not-to-exceed amount of $9,200,000 in order to further the City of Los Angeles' response to addressing the COVID-19 public health crisis and the general housing crisis in the City, and authorizes execution, by the Authority's President and CEO, or his/her designee, of any and all related documents, contracts for services and financing documents, including but not limited to the HCD Standard Agreement upon award of Homekey Program funds and any other documents or certificates related thereto with such changes as approved by legal counsel in order to effectuate the intent of this Resolution including the purchase, escrow closing, operation and cost reimbursements related to this property.

Section 3. That if the Authority’s applications are awarded Homekey Program funds, the President and CEO, or his/her designee, is authorized and directed to accept such award and ensure that any funds awarded for capital acquisition expenditures are spent by December 30, 2020 unless such date is extended by HCD or the State, and that any funds awarded for capitalized operating subsidies are spent by June 30, 2022, unless extended by HCD or the State or within whatever statutory limits are required by the grantor.

Section 4. That if any application for Homekey Program funding is approved, the President and CEO, or his/her designee, is hereby authorized and directed to enter into, execute, and deliver one or more HCD Standard Agreements, and any and all other documents required or deemed necessary or appropriate to secure the Homekey Program funds from HCD and participate in the Homekey Program, and all amendments thereto (collectively, the "Homekey Documents") all as approved by legal counsel and the Authority staff and Board acknowledge that any and all activities, expenditures, information, and timelines represented in the Project Homekey Application will be enforceable through the HCD Standard Agreement(s) and funds are to be used for the allowable expenditures and activities identified in the applicable HCD Standard Agreement(s).

Section 5. That the Authority may dispose of the property to an owner/operator selected by the City of Los Angeles through competitive bid for an amount equal to the value paid for the property through this Homekey Program and record any and all deed restrictions, promissory notes or other obligations on the property at the time of sale to ensure the property serves its public benefit purpose.

BE IT FURTHER RESOLVED that this Resolution shall be effective upon its adoption.
PASSED AND ADOPTED by the Housing Authority of the City of Los Angeles this 29th day of October 2020.

APPROVED AS TO FORM: JAMES JOHNSON

HOUSING AUTHORITY OF THE CITY OF
LOS ANGELES

By: ______________________________
Chairperson Ben Besley

By: ______________________________
    General Counsel

DATE ADOPTED: ____________________
ATTACHMENT 2 - Summary of Project Costs
## SUMMARY OF ESTIMATED PROJECT COSTS

City Properties  
10/23/2020

<table>
<thead>
<tr>
<th>#</th>
<th>Name</th>
<th>Address</th>
<th>Council District</th>
<th>APN#</th>
<th>No. of Units</th>
<th>Total Acquisition Cost</th>
<th>Escrow Deposits</th>
<th>Rehab Estimate*</th>
<th>TOTAL 3rd Party Costs (1)</th>
<th>HACLA Admin Fee (2)</th>
<th>TOTAL 3rd Party Costs/Admin Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Howard Johnson</td>
<td>7432 Reseda Blvd, Los Angeles, CA</td>
<td>CD3</td>
<td>2119017054</td>
<td>75</td>
<td>$16,228,765</td>
<td>$50,000</td>
<td>$232,730</td>
<td>$151,155</td>
<td>$92,657</td>
<td>$243,812</td>
</tr>
<tr>
<td>2</td>
<td>Travelodge</td>
<td>18600 Normandie Avenue, Los Angeles, CA</td>
<td>CD15</td>
<td>6109009030</td>
<td>40</td>
<td>$9,200,000</td>
<td>$100,000</td>
<td>$125,884</td>
<td>$213,345</td>
<td>$60,194</td>
<td>$273,539</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>115</strong></td>
<td><strong>$25,428,765</strong></td>
<td><strong>$150,000</strong></td>
<td><strong>$358,614</strong></td>
<td><strong>$364,500</strong></td>
<td><strong>$152,851</strong></td>
<td><strong>$517,351</strong></td>
</tr>
</tbody>
</table>

(1) - 3rd party costs include estimated costs for; Architectural, Permits, title and recording, Appraisal, Environmental(Phase 1), Physical needs assessment. These costs will be incurred by HACLA prior to escrow closing to be reimbursed by the City.

(2) - HACLA admin fees are based on 2% of the purchase price to cover staff costs and overhead in administering the property acquisitions and preparation of HomeKey applications.
ATTACHMENT 3 – Property #1: Howard Johnson
Property Location
The property is located at 7432 Reseda Blvd. Los Angeles 91335, within the Reseda neighborhood of the City of Los Angeles. The property is located in council district 3 (CD3). According to the 2020 Homeless Count Report CD3 reported 704 individuals in need of shelter. The zip code area currently has an average median income of $60,413.

Property Description
Howard Johnson was constructed in 1986 as a two-story 75-unit hotel. The building is currently in good condition. The hotel is appropriate for interim housing (IH) and conversion to permanent and the units can appropriately house individuals in the target population. The property will receive clients currently housed in Roomkey sites as a priority. Additional rooms available will be prioritized for vulnerable/sick & elderly homeless populations.

Building Square Footage: 52,799 sq. ft.
Lot Size: 31,569 sq. ft.
Parking: 75 automobile parking spaces
Assessor’s Parcel Number: 2119017054

Property Condition

Awaiting Physical Needs Assessment Report

Community Amenities

<table>
<thead>
<tr>
<th>Community Amenity</th>
<th>Distance</th>
<th>Community Amenity</th>
<th>Distance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transit</strong></td>
<td></td>
<td><strong>Park</strong></td>
<td></td>
</tr>
<tr>
<td>Reseda / Valerio Bus Stop</td>
<td>0.1 Mile</td>
<td>Randal D. Simmons Park</td>
<td>1.5 Miles</td>
</tr>
<tr>
<td>Reseda / Valerio Los Angeles, CA 91335</td>
<td></td>
<td>6731 Wilbur Ave, Reseda, CA 91335</td>
<td></td>
</tr>
<tr>
<td><strong>Grocery</strong></td>
<td></td>
<td><strong>Child Care</strong></td>
<td></td>
</tr>
<tr>
<td>Jons Marketplace</td>
<td>0.6 Miles</td>
<td>Child Care Resource Center</td>
<td>0.7 Miles</td>
</tr>
<tr>
<td>18135 Sherman Way, Reseda, CA 91335</td>
<td></td>
<td>18120 Saticoy St, Reseda, CA 91335</td>
<td></td>
</tr>
<tr>
<td><strong>Health Facility</strong></td>
<td></td>
<td><strong>Elementary School</strong></td>
<td></td>
</tr>
<tr>
<td>Rachman Medical Group - Primary Care Clinic</td>
<td>0.4 Miles</td>
<td>Reseda Elementary School</td>
<td>0.3 Miles</td>
</tr>
<tr>
<td>7601 Canby Ave, Reseda, CA 91335</td>
<td></td>
<td>7265 Amigo Ave, Reseda, CA 91335</td>
<td></td>
</tr>
<tr>
<td><strong>Library</strong></td>
<td></td>
<td><strong>Middle School</strong></td>
<td></td>
</tr>
<tr>
<td>West Valley Regional Branch Library</td>
<td>0.4 Miles</td>
<td>Magnolia Science Academy 5 - Los Lobos</td>
<td>1.3 Miles</td>
</tr>
<tr>
<td>7601 Canby Ave, Reseda, CA 91335</td>
<td></td>
<td>18230 Kittridge St, Reseda, CA 91335</td>
<td></td>
</tr>
<tr>
<td><strong>Pharmacy</strong></td>
<td></td>
<td><strong>High School</strong></td>
<td></td>
</tr>
<tr>
<td>CVS Pharmacy</td>
<td>0.1 Mile</td>
<td>John R. Wooden High School (Graduation Rate – 15%)</td>
<td>0.9 Miles</td>
</tr>
<tr>
<td>7400 Reseda Blvd, Reseda, CA 91335</td>
<td></td>
<td>18741 Elkwood St, Reseda, CA 91335</td>
<td></td>
</tr>
</tbody>
</table>

Site Amenities:
- Air Conditioning & heating
- Lobby & business center
- Pool & spa
- Meeting room
- Solar Roof

Zoning & Permitting Information
Zone: [Q]C2-1VL-CDO, [Q]P-1VL-CDO
R-1 occupancy
Change of use or occupancy needed. The building is permitted as a 75-unit hotel with parking 75 automobile parking spaces.
ATTACHMENT 4 – Property #2: Travelodge Gardena
**Property Location**
The property is located at 18606 Normandie Ave, Los Angeles 90248, within the Harbor Gateway area of the City of Los Angeles. The property is located in council district 15 (CD15). According to the 2020 Homeless Count Report CD15 reported 2,264 individuals in need of shelter. The zip code area currently has an average median income of $62,179.

**Property Description**
Travelodge (Normandie) was originally constructed in 1990 as a three-story 40-unit apartment/hotel that was rehabilitated in 2019. The building features 24 apartment units and 16 guest rooms. The building is currently in good condition. The hotel is appropriate for interim housing (IH) and the units can appropriately house individuals in the target population. The property will receive clients currently housed in Roomkey sites as a priority. Additional rooms available will be prioritized for vulnerable/sick & elderly homeless populations.

**Building Square Footage:** 23,540.0 sq. ft.  
**Lot Size:** 16,630 sq. ft.  
**Parking:** 41 automobile parking spaces  
**Assessor’s Parcel Number:** 6109009030

**Property Condition**

**Awaiting Physical Needs Assessment Report**

**Community Amenities**

<table>
<thead>
<tr>
<th>Community Amenity</th>
<th>Distance</th>
<th>Community Amenity</th>
<th>Distance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normandie &amp; 186th Bus Stop</td>
<td>0.1 Mile</td>
<td>Roosevelt Memorial Park</td>
<td>0.5 Miles</td>
</tr>
<tr>
<td>Normandie Ave &amp; 186th St, Los Angeles, CA 90248</td>
<td></td>
<td>Normandie Ave, Gardena, CA 90248</td>
<td></td>
</tr>
<tr>
<td>Grocery</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Walmart</td>
<td>0.5 Miles</td>
<td>Child Care</td>
<td>1.8 Miles</td>
</tr>
<tr>
<td>19503 Normandie Ave, Torrance, CA 90501</td>
<td></td>
<td>141 E Bilson St, Carson, CA 90746</td>
<td></td>
</tr>
<tr>
<td>Health Facility</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gardena VA Clinic</td>
<td>0.4 Miles</td>
<td>Elementary School</td>
<td>0.4 Miles</td>
</tr>
<tr>
<td>1149 W 190th St, Gardena, CA 90248</td>
<td></td>
<td>186th Street Elementary School</td>
<td></td>
</tr>
<tr>
<td>Library</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gardena Mayme Dear Library</td>
<td>1.8 Miles</td>
<td>Middle School</td>
<td>1.7 Miles</td>
</tr>
<tr>
<td>1731 W Gardena Blvd, Gardena, CA 90247</td>
<td></td>
<td>Peary Middle School</td>
<td></td>
</tr>
<tr>
<td>Pharmacy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Walmart Pharmacy</td>
<td>0.5 Miles</td>
<td>High School</td>
<td>0.4 Miles</td>
</tr>
<tr>
<td>19503 Normandie Ave, Torrance, CA 90501</td>
<td></td>
<td>Gardena High School (Graduation Rate 83%)</td>
<td></td>
</tr>
</tbody>
</table>

**Unit Mix**

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Unit Total</th>
<th>Unit Sq. Ft.</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 Bedroom 1 Bath</td>
<td>16</td>
<td>290-350</td>
</tr>
<tr>
<td>1 Bedroom 1 Bath</td>
<td>14</td>
<td>450</td>
</tr>
<tr>
<td>Loft – 2 Sleeping Areas – 2 Baths</td>
<td>10</td>
<td>550</td>
</tr>
</tbody>
</table>

**Zoning & Permitting Information**

<table>
<thead>
<tr>
<th>Zone:</th>
<th>(Q) C2-1</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-1 and R-2 occupancy</td>
<td>Change of use or occupancy needed. The building is permitted as a 40-unit apartment/hotel with parking 41 automobile parking spaces. The Seller is required to ensure all 40 units are permitted as apartment units and the COO is corrected prior to escrow closing.</td>
</tr>
</tbody>
</table>