RESOLUTIONS APPROVING THE ACQUISITION OF THE FOLLOWING TWO REAL PROPERTY ASSETS FOR APPRAISED FAIR MARKET VALUES OF (1) SUPER 8 - 7631 TOPANGA CANYON BLVD, LOS ANGELES, CA 91304, $11,118,600, AND (2) ORCHID - 1763 ORCHID AVE, LOS ANGELES, CA 90028, UP TO $16,000,000, CONTINGENT UPON RECEIPT OF A GRANT FUNDING AWARD FROM THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD) HOMEKEY PROGRAM OR AN EQUIVALENT SOURCE OF SUBSIDY OR GRANT IN THE AMOUNTS REQUESTED; AUTHORIZING THE HOUSING AUTHORITY OR ITS NONPROFIT INSTRUMENTALITY TO ENTER INTO A PARTNERSHIP AGREEMENT WITH PATH VENTURES FOR THE LONG TERM OWNERSHIP OF THE 1763 ORCHID PROPERTY; AUTHORIZING THE EXECUTION AND DELIVERY OF ALL RELATED DOCUMENTS, CERTIFICATES AND AGREEMENTS INCLUDING HCD STANDARD AGREEMENTS; THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH; AND MAKING A DETERMINATION THAT THESE ACQUISITIONS ARE EXEMPT FROM ENVIRONMENTAL REVIEW UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

Douglas Guthrie
President & Chief Executive Officer

Jenny Scanlin
Chief Strategic Development Officer

Purpose:
The Housing Authority of the City of Los Angeles ("HACLA" or "Authority") proposes to purchase two (2) motels (Super 8 and Orchid) 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 of Los Angeles ("City"), to further the goal of expanding options for deeply affordable permanent and interim housing solutions in the City of Los Angeles for persons impacted by COVID-19 and experiencing or at risk of homelessness.

On August 27, 2020, the Board, by Resolution No. 9625, approved amending the City National Bank revolving line of credit facility previously authorized, under Resolution No. 9589 on April 23, 2020, to reflect material changes in terms, authorizing the execution and delivery of a credit agreement for an initial Revolving Commitment amount not-to-exceed $50,000,000, as well as a fee letter, promissory notes, and all other related documents and agreements reflecting such revisions, and authorizing the use of available and unrestricted funds, including grant funding, as a source of repayment of outstanding loans under the Revolving line of Credit facility; and the undertaking of various other actions in connection therewith.
This report provides a detailed explanation of each of the Properties selected for purchase in accordance with the requirements of the Real Property Policy Guidelines for Real Property Acquisition and Disposition with property descriptions attached hereto as Attachments 2 and 3.

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, which, in turn, utilized federal Coronavirus Relief Funds to temporarily house vulnerable individuals and households during the COVID-19 pandemic. The Homekey Program, funded 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, specifically targeting 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 goal can be accomplished primarily through acquisition and occupancy of units for permanent housing, although the guidelines 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.

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. 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 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.

On August 13, applications for sixteen (16) projects were submitted by HACLA for funding as Tier 1 eligible projects. 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) have finalized their due diligence and financing contingences and are the subject of this board report. All five projects received an award of project-based vouchers though competitive process and will utilize these rent subsidies to allow the project sites to serve as permanent supportive housing to individuals and families that are homeless or at risk of homelessness; prioritizing households over the age of 65 or with medical vulnerabilities that make them more susceptible to COVID-19.

The remaining eleven (11) projects are comprised of Hotels/Motels and designated as City properties with the City of Los Angeles as Co-Applicant to HACLA. Ten (10)
of these projects will move forward with Homekey reservations and received approval for acquisition from the Board of Commissioners on September 24 and October 22, 2020. These properties will operate as interim housing for 5 years with the intention of converting to permanent housing in or shortly after Year 5.

All applications were vetted with the Mayor’s office and the respective City Council offices where the properties are located prior to submission to ensure there is policy consensus and community support for each application.

Ownership:

**Super 8 Motel**

HACLA submitted its Homekey application for the Super 8 Motel with LA Family Housing as its co-applicant. LA Family Housing currently operates Project Roomkey on site at the Super 8 Motel and has a long-standing history of using the Super 8 Motel over the years to provide immediate shelter through hotel vouchers for the households it serves. LA Family Housing initiated early discussions with the owner regarding potential purchase and provided HACLA and the City with this detailed information as applications were prepared for Project Homekey. Given the complexity of the concept to convert this 52-room motel to permanent housing and the need for a strong service partner with access to funding for deep and broad housing stabilization, mental health, and case management services, staff felt a partnership with LA Family Housing was critical to the success and feasibility of HACLA’s Super 8 Project Homekey application. HACLA will purchase the property through escrow and maintain ownership of fee title to the land. The property is anticipated to be ground leased to a new limited partnership between a HACLA instrumentality and a limited liability company created by LA Family Housing. The terms of that ground lease and partnership are being negotiated and will be brought to the Board of Commissioners for consideration at its November meeting. The property is anticipated to continue to operate as interim housing for at least a year after acquisition and HACLA or the new partnership, if approved, intend to contract with LA Family Housing to continue full management and service coordination of the interim housing while the plans for conversion to permanent housing are being finalized. Both the State and the City have taken actions to commit funding for up to 24-months of interim housing operation subsidy on site. HACLA intends to have long-term ownership of the fee and a fifty-five-year covenant will be recorded by HACLA ensuring compliance with Project Homekey requirements and the standard agreements of HCD.

**The Orchid**

PATH Ventures negotiated and entered into a Purchase and Sale Agreement with the owner of The Orchid Hotel in July 2020. Due to its location, underlying entitlement as a multi-family property, and pristine condition of its units, HACLA staff had identified the property as a potential Project Homekey candidate and was separately pursuing purchase of the site. HACLA staff and PATH Ventures reached agreement to enter into a limited partnership to ultimately purchase, own and operate the site as permanent housing under Project Homekey. HACLA, through Los Angeles LOMOD South will enter into a newly formed limited partnership (1753 Orchid Partners, LP) with PV Highland, LLC, a limited liability company established by PATH Ventures. Los Angeles LOMOD South will be the General Partner of 1753 Orchid Partners, LP and will have a 30% interest in ownership and any developer fees. Los Angeles LOMOD South will be responsible for overall property management and asset management duties and will receive an annual fee for these services. 1753 Orchid Partners will be debt financing a portion of the acquisition and rehabilitation costs for the property with a conventional loan that will have a first mortgage on the property and will be debt serviced by income from the property.
PATH Ventures will be the sole guarantor of the loan and is responsible for sourcing the financing for all acquisition, reserves and rehabilitation costs as well as providing any required guaranty. The partnership intends a long-term ownership of the site and a fifty-five-year covenant will be recorded by HACLA ensuring compliance with Project Homekey requirements and the standard agreements of HCD.

Properties

The Housing Authority has made determinations that the following two (2) properties identified below meet the requirements of the Homekey Program as well as serve communities severely impacted by COVID-19.

Table 1. below identifies the respective properties included in this Board Report for acquisition purposes. Each property identified below will be utilized for Permanent Housing with the appropriate supportive services provided for the target population, consisting of people experiencing homelessness or at risk of homelessness and impacted by COVID-19. The respective Purchase and Sale Agreements for these properties includes various contingencies, including due diligence review, title, receipt of Homekey financing, and Board approval. In addition, various third-party reports are required, including Appraisal, Phase 1, and a physical needs assessment. Appraisals obtained for these properties support the agreed upon price. The physical needs assessments have confirmed all properties are in good condition and adequate funds are reflected in the project budget for repairs or rehabilitation.

<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>
</tr>
</thead>
<tbody>
<tr>
<td>Super 8</td>
<td>7631 Topanga Canyon Blvd, Los Angeles CA 91304</td>
<td>$11,118,600</td>
<td>$11,180,000</td>
<td>CD 3</td>
<td>2012-022-024 and 2012-022-020</td>
<td>52</td>
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<tr>
<td>Orchid</td>
<td>1753 Orchid Ave, Los Angeles CA, 90028</td>
<td>16,000,000</td>
<td>$16,000,000</td>
<td>CD 13</td>
<td>5548-004-017</td>
<td>40</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>$27,118,600</td>
<td></td>
<td></td>
<td></td>
<td>92</td>
</tr>
</tbody>
</table>

Property Management: The selected Property Manager ("PM") for these sites and additional supportive services providers, will be contracted through HACLA’s Asset Management Department or if transferred or purchased by a Limited Partnership, directly through the Limited Partnership. EAH has been selected to act as property manager for both properties and will work together with HACLA’s Asset Management Department to ensure a seamless integration between property management and supportive services as well as ensure all capital and ADA improvements needed are completed in a timely fashion to allow for the greatest access to these extremely affordable units. Residents will be referred using the LA County Coordinated Entry System ("CES"), in collaboration with the LA County Department of Health Services ("DHS") and Department of Mental Health ("DMH") and the LA Homeless Services Authority ("LAHSA based on the target population. LA Family Housing will be contracted with to provide supportive services for the Super 8 Motel and PATH will do so for The Orchid. Aside from the integration of
supportive services and collaboration with the supportive services providers, the PM will handle routine operations of the properties, such as maintenance and tenant relations, as well as the accounting and administrative functions of each property.

**Super 8 Motel:**
The Super 8 Motel is a 52-room property currently operated as a Project Roomkey site under contract with the County of Los Angeles with supportive services provided by LA Family Housing funded by the City of Los Angeles through LAHSA, so the transition to Project Homekey will be seamless, given the similarities in the target populations. The current owner of the Super 8 Motel is willing to maintain service on site to comply with the back of house needs of the Project Roomkey contract through a lease back with the Housing Authority for the term of the Project Roomkey contract after the Housing Authority acquires the site. The Roomkey Program for this project is expected to end on December 30, 2020, and operational subsidies from Project Homekey and the City of Los Angeles will be utilized thereafter to maintain the property as interim housing for the next twelve to eighteen months while permits and plans are completed and the construction necessary for full conversion to permanent supportive housing takes place. Although Super 8 Motel has some units with kitchenettes, kitchens will need to be installed in most units, and ADA modifications will be required to provide 10% of the units as ADA mobility compliant [five (5) units] and 4% of units as vision/hearing impaired compliant, or four (4) units, which will commence upon acquisition of the property. Work will consist of completing ADA conversions, including adding roll-in showers, modifying cabinets and countertops to accommodate individuals using wheelchairs, and ensuring adequate turn space throughout each unit. The property will be at least 50% leased within the first 90 days after acquisition using referrals from the CES. Full occupancy must be achieved within the first year after acquisition. PATH will continue to integrate property management services with their support services to ensure the success of the program. 1753 Orchid Partners, LP intends to employ EAH as the site property manager and PATH as the on-site

The purchase of the property includes three parcels, two of which house the hotel that will be converted to permanent housing and the third which houses a restaurant with an active commercial lease. Preliminary studies have determined that the restaurant site can be developed as a new construction affordable project netting approximately 35-50 studios or one-bedrooms. The development of this property will be further vetted for feasibility concurrent with the rehabilitation of the existing motel but is not an obligation of Project Homekey and is not currently being considered for feasibility or action as part of this board report.

**Orchid:**
The Orchid is a 40-unit complex currently being used as a hotel and will be delivered vacant upon acquisition. The units were originally built as apartments, so each unit comes with a fully operational kitchen. The only immediate work required is minor ADA improvements to provide 10% of the total units as ADA mobility compliant, or four (4) units, and 4% of the total units as ADA vision/hearing impaired compliant, or two (2) units, which will commence upon acquisition of the property. Work will consist of completing ADA conversions, including adding roll-in showers, modifying cabinets and countertops to accommodate individuals using wheelchairs, and ensuring adequate turn space throughout each unit. The property will be at least 50% leased within the first 90 days after acquisition using referrals from the CES. Full occupancy must be achieved within the first year after acquisition. PATH will continue to integrate property management services with their support services to ensure the success of the program. 1753 Orchid Partners, LP intends to employ EAH as the site property manager and PATH as the on-site
Service provider. Both EAH and PATH will work together as new residents are referred through CES or similar referral systems that will ensure the target population is housed.

**Supportive Services:** Service programming will be provided at no cost to the tenants by third party supportive services providers and will include, but not be limited to the following:

- Supportive services and intensive case management to support housing maintenance and healthy independent living
- Establishment of a medical home, utilization of a primary care provider and referrals to physical healthcare services including access to routine and preventative health and dental care
- Linkage to mental health services, mental health evaluation and linkage to psychotherapy, if needed.
- Biopsychosocial assessment used as a holistic approach to understand the varying past and present barriers tenant’s may be dealing with in order to best create Individual Service Plans (ISP) for each tenant.
- Individual Service Plans (ISP) will be created with each tenant to work on tenant goals to support stability and increase overall quality of life.
- Assistance with medication self-management
- Linkage and referrals to Substance Use Disorder a treatment service, which includes but is not limited to, recovery and detoxification services.
- Peer Support Groups
- Referrals to HIV/AIDS testing, treatment and preventative education
- Life skills training
- Benefits advocacy and benefits acquisition
- Transportation assistance
- Linkage to recreational/social activities

Service programming by offsite partners will also be provided at no cost to the tenants as necessary including but not limited to employment assistance; medication, monitoring, and maintenance; In-home Supportive Services ("IHSS"); housing outplacement; a representative payee; legal assistance, adult day care services; and any additional necessary supportive services that ensure the program’s success in housing the target population.

**Rehabilitation:** As part of the properties’ due diligence review, the Authority conducted physical needs assessments (“PNA”) for all properties to determine rehabilitation requirements for each property. HACLA will be responsible for obtaining all permits and working with Los Angeles Department of Building and Safety (“LADBS”) to ensure each property has the proper occupancy permits, meets minimum ADA requirements and obtains permits for any rehabilitation if required. Staff has engaged architects/engineer and other design consultants as needed to prepare the necessary design drawings for permitting, with the goal of obtaining all necessary permits by the closing of property escrows. This will facilitate the immediate efforts to conduct any necessary rehabilitation prior to occupancy to meet the Homekey requirement of substantial occupancy within 90 days after acquisition.

**Homekey Financing** 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, or rehabilitation but must be spent prior to or concurrent to the issuance of Homekey Funds.

As of the submittal of this Board Report, we have received notification from HCD of the preliminary Homekey reservation of funds for both properties described herein. The reservation is not a funding commitment but rather informs applicants that they will be awarded Homekey funds, contingent upon expeditiously submitting required supplemental information and documentation to HCD.

Table 2 below outlines the estimated project costs for the two properties to be acquired by HACLA.

**Table 2. Acquisition, Closing and Rehab Costs Estimates**

<table>
<thead>
<tr>
<th></th>
<th>Super 8</th>
<th>Orchid</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Acquisition</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Homekey (CRF) Grant</td>
<td>$8,257,350</td>
<td>$8,000,000</td>
<td>$16,257,350</td>
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<tr>
<td>HACLA Acquisition Match</td>
<td>$2,861,250</td>
<td>$2,861,250</td>
<td></td>
</tr>
<tr>
<td>PATH Acquisition Match</td>
<td></td>
<td>$8,000,000</td>
<td>$8,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$11,118,600</td>
<td>$16,000,000</td>
<td>$27,118,600</td>
</tr>
<tr>
<td><strong>Funds for Closing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition Match</td>
<td>$2,861,250</td>
<td>$8,000,000</td>
<td>$10,861,250</td>
</tr>
<tr>
<td>Closing Match</td>
<td>$390,741</td>
<td>$57,631</td>
<td>$448,372</td>
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<tr>
<td><strong>Funds for Closing</strong></td>
<td><strong>$3,251,991</strong></td>
<td><strong>$8,057,631</strong></td>
<td><strong>$11,309,622</strong></td>
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<tr>
<td><strong>Rehab Cost</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HACLA Total Project Costs</td>
<td>$5,251,991</td>
<td></td>
<td><strong>$5,251,991</strong></td>
</tr>
<tr>
<td>PATH Total Project Costs</td>
<td></td>
<td><strong>$8,107,631</strong></td>
<td><strong>$8,107,631</strong></td>
</tr>
<tr>
<td><strong>Number of Units</strong></td>
<td>52</td>
<td>40</td>
<td>92</td>
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</table>

Appraisals have been conducted for each of the subject properties and they have confirmed that the purchase price offered is equal to or less than appraised fair market value. The appraised value for the Orchid per the appraisal report is valued at $15,525,000 however, this value does not include personal property not accounted for in the appraisal which is estimated at worth of at least $475,000 leading to the purchase price of $16,000,000. The seller will be responsible for all sales tax associated with the purchase of personal property related to this transaction.

The Authority must close escrow on each property it intends to acquire by no later than December 30, 2020, with a preference by the State that we close in the month of November. Both properties are slated to close the 2nd week of November. Should the Authority fail to close escrow on a property, the allocated Homekey grant funding for that property will be lost. With respect to the two properties that
the Authority seeks to acquire, the total funds needed for escrow to close for HACLA (Super 8 Motel) is approximately $2,861,250 for acquisition and $390,741 for related closing and due diligence costs. In addition to complete rehabilitation for the Super 8 Motel the Authority will need another $2,000,000 which is not required at closing but will be funded subsequently with other HACLA funds or revolver loan funds. For Orchid Hotel, 1753 Orchid Partners, LP will fund all necessary acquisition costs, related closing costs and rehab costs estimated at $8,107,631.

To ensure funds are available when needed, and in advance of the anticipated escrow closing dates, the Authority intends to draw one or more loans from the Revolving Commitment. Documentation has been finalized and closing is scheduled for October 28, 2020, with initial funding to occur that same day. The Authority will turn to the Revolving Commitment as interim financing in order to close escrow on these two properties. Funding acquired through the Revolving Commitment will be repaid from proceeds generated from the sale of bonds or notes that the Authority intends to sell in January 2021.

On September 24, 2020, the Board approved the use of the Revolving Commitment for three HACLA-designated Homekey properties in the amount of $19,900,000. Assuming (i) the Authority draws from the Revolving Commitment loans for this 3rd additional property totaling $3,350,000, resulting in a total estimated draw of $23,250,000; (ii) the loan is drawn on October 28, 2020 and repaid in late-January 2021 (iii) the maximum commitment amount of the Revolving Commitment is $25,000,000; and, (iv) the interest rate for the applicable LIBOR period remains below 0.50% (30-day LIBOR was 0.1479% on October 21, 2020), the total interest cost for acquisition purposes is estimated to be $88,000 for the three month period.

**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 a 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.

**Place Strategy #2: Increase functionality and effectiveness of the Asset Management portfolio.**

This strategy focuses on the strategic directive of the Housing Authority of the City of Los Angeles to acquire real property to diversify the housing portfolio and increase the supply of deeply affordable housing within the City of Los Angeles.

**Funding:**

The Chief Administrative Officer confirms the following:

**Source of Funds:**

HACLA Interim Financing (Revolving Commitment):

Unencumbered and legally available assets of the Authority, including grant funding, are available to cover the fees and expenses associated with using the Revolving Commitment as the interim financing mechanism to fund the Authority’s portion of all acquisition costs associated with the purchase of the four properties. The maximum commitment amount of the Revolving Commitment being
established with City National Bank is set at $25,000,000. The BOC approved on September 24, 2020 the use of Revolving Commitment funds in the amount of $19,900,000 for three properties (Best Western NOHO, Martel, and Parthenia). For Super 8 Motel, the funds needed for acquisition and related closing and due diligence costs are estimated at $3,350,000 as presented in Table 2 (includes $100,000 contingency for unanticipated closing costs). The anticipated combined draw amount of $23,250,000 does not exceed the maximum commitment amount of Revolving Commitment (i.e., $25,000,000). Take-out financing in the form of long-term debt obligations such as bonds or notes, are the intended permanent source of financing for these acquisitions, and staff will return to the BOC to seek approval of one or more debt issuance resolutions for the issuance of such bonds or notes.

For Orchid Hotel, PATH Ventures will fund all necessary acquisition costs, related closing costs and rehab costs estimated at $8,107,631

**Budget and Program Impact:**

The total interest cost for acquisition purposes is estimated to be $88,000 for 3 months based on the LOC interim financing, using an estimated bank loan amount of $23,250,000. This amount includes a draw of $19,900,000 previously approved by the BOC for three Homekey properties and $3,350,000 for the Super 8 Motel included in this board report. Current market conditions provide a relatively low interest rate environment for a revolving commitment of this type, making the Revolving Commitment an economically viable interim financing mechanism for the Authority.

For Orchid, there is no budget impact as Orchid Partners, LP is responsible for all project related costs.

**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 both The Orchid and Super 8 Motel and determined both are categorically exempt.

**CEQA:**

For purposes of the California Environmental Quality Act (Public Resources Code, §21000 et seq.) (“CEQA”), HACLA is the Lead Agency on the two 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; 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. Additionally, the Super 8 Motel acquisition qualifies for the statutory exemptions from the requirements of CEQA under California Public Resources Code section 21080.50 – Interim Motel Project exemption. 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 -Property #1: Super 8
3. Attachment -Property #2: Orchid
RESOLUTION NO. __________

RESOLUTION APPROVING THE ACQUISITION OF THE FOLLOWING REAL PROPERTY ASSET FOR FAIR MARKET VALUE AS DETERMINED BY AN APPRAISAL: SUPER 8 MOTEL–LOCATED AT 7631 TOPANGA CANYON, LOS ANGELES, CA 91304 FOR $11,118,600, CONTINGENT UPON RECEIPT OF A GRANT FUNDING AWARD FROM THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD) HOMEKEY PROGRAM OR AN EQUIVALENT SOURCE OF SUBSIDY OR GRANT IN THE AMOUNTS REQUESTED AND APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL RELATED DOCUMENTS, CERTIFICATES AND AGREEMENTS INCLUDING HCD STANDARD AGREEMENTS; THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH; AND 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 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 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”) dated July 16, 2020 for the Project Homekey Program which includes grant funds from the State of California pursuant to Health and Safety Code section 50675.1.1 (Assem. Bill No. 83 (2019-2020 Reg. Sess.), § 21.);

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 State of California (“State”) Department of Housing and Community Development (“HCD”) has issued a Notice of Funding Availability (“NOFA”) dated July 16, 2020 for the Project Homekey Program which includes grant funds from the State of California 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 one of these properties, Super 8 Motel, located at 7631 Topanga Canyon Blvd in the City of Los Angeles for $11,118,600 to provide fifty-
two (52) units of permanent housing for households at risk of homelessness and especially vulnerable to impact by COVID-19;

WHEREAS, the Super 8 Motel was appraised by a third-party appraiser and the amount offered by the Authority and accepted by the Seller of $11,118,600 is aligned with and validated by the findings of such appraisal dated August 27, 2020 by Gribin, Kapadia and Associates and the corrected appraisal dated October 21, 2020 prepared by Cressner & Associates, INC;

WHEREAS, the Physical Needs Assessment for Super 8 does not show significant need for capital improvements;

WHEREAS, the Authority will continue to conduct related property due diligence and provide funding for all closing, site preparation and rehabilitation costs;

WHEREAS, the property acquisition and project discussed herein is subject to the National Environmental Policy Act (“NEPA”) and a determination has been made by Housing & Community Investment Department (“HCID/LA”) that the property acquisitions discussed herein are categorically excluded from NEPA; 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 hereinafore 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 Super 8 Motel located at 7631 Topanga Canyon Blvd for $11,118,600 and payment of all acquisition, closing costs, site preparation and rehabilitation costs associated in order to further the City of Los Angeles’ response to addressing the COVID-19 public health crisis and the housing crisis in our City, and authorizes execution, by the Authority’s President and CEO, or his/her designee, of any and all real estate related documents, contracts for service and financing, 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 purchase and operation of this property.

Section 3. That if the Authority’s applications are awarded Homekey funds or an equivalent grant source, the President and CEO, or his 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, and that any funds awarded for capitalized operating subsidies are spent by June 30, 2022 or within whatever limits are required by HCD.

Section 4. That if any application for Homekey Program funding is approved, the President and CEO, or his 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 activities, expenditures, information, and timelines represented in the Application will be enforceable through the HCD Standard Agreement and funds are to be used for the allowable expenditures and activities identified in the applicable HCD Standard Agreement.

Section 5. **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:  

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

By: ________________________________  

Ben Besley, Chairperson

By: ________________________________  

James Johnson, General Counsel

DATE ADOPTED: ____________________
RESOLUTION APPROVING THE ACQUISITION OF THE FOLLOWING REAL PROPERTY ASSET FOR FAIR MARKET VALUE AS DETERMINED BY AN APPRAISAL: ORCHID HOTEL – 1753 ORCHID AVE, LOS ANGELES, CA 90028 FO $16,000,000, CONTINGENT UPON RECEIPT OF A GRANT FUNDING AWARD FROM THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD) HOMEKEY PROGRAM OR AN EQUIVALENT SOURCE OF SUBSIDY OR GRANT IN THE AMOUNTS REQUESTED AND APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL RELATED DOCUMENTS, CERTIFICATES AND AGREEMENTS INCLUDING HCD STANDARD AGREEMENTS, AUTHORIZING THE HOUSING AUTHORITY OR ITS NONPROFIT INSTRUMENTALITY TO ENTER INTO A PARTNERSHIP AGREEMENT WITH ITS PERMANENT SUPPORTIVE HOUSING PARTNER, PATH VENTURES THROUGH PV HIGHLAND LLC AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH; AND 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 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 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”) dated July 16, 2020 for the Project Homekey Program which includes grant funds from the State of California pursuant to Health and Safety Code section 50675.1.1 (Assem. Bill No. 83 (2019-2020 Reg. Sess.), § 21.);

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 State of California (“State”) Department of Housing and Community Development (“HCD”) has issued a Notice of Funding Availability (“NOFA”) dated July 16, 2020 for the Project Homekey Program which includes grant funds from the State of California 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 one of these properties, the Orchid, located at 1753 Orchid Ave in the City of Los Angeles, for up to $16,000,000, to provide forty (40)
units of permanent housing for households at risk of homelessness and especially vulnerable to impact by COVID-19;

WHEREAS, the Orchid was appraised by a third-party appraiser and the amount offered by the PATH Ventures and accepted by the Seller of $16,000,000 is aligned with and validated by the findings of such appraisal prepared by Pacific Real Estate Appraisals;

WHEREAS, the Physical Needs Assessment for Orchid does not show significant need for capital improvements;

WHEREAS, the Authority will continue to conduct related property due diligence and provide funding for all closing costs, site preparation and rehabilitation;

WHEREAS, the Authority has the power and authority to sell or transfer property to its wholly-owned instrumentalities if it finds it is in the public and corporate interest to do so;

WHEREAS, The Orchid will be owned jointly, 70% by PV Highland, LLC and 30% by Los Angeles LOMOD South LOMOD in a new partnership to be formed and named 1753 Orchid Partners, LP and the Authority as Payee for Project Homekey will provide Homekey funding for both the purchase and operating subsidy through its instrumentality as a grant to the partnership 1753 Orchid Partners, LP and record a covenant in favor of HACLA which requires the property to be used for the purpose of serving homeless and those at risk of homelessness for no less than fifty-five years from the date of acquisition;

WHEREAS, the property acquisition and project discussed herein meets all the applicable requirements set forth in Health and Safety Code section 50675.1.2 and is therefore statutorily exempt from review under the California Environmental Quality Act (Public Resources Code, §21000 et seq.) (“CEQA”) pursuant to Health and Safety Code sections 50675.1.1 and 50675.1.2.; and

WHEREAS, the property acquisition and project discussed herein is subject to the National Environmental Policy Act (“NEPA”) and a determination has been made by Housing & Community Investment Department (“HCID/LA”) that the property acquisitions discussed herein are categorically excluded from NEPA.

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 Orchid Hotel located at 1753 Orchid Ave by its instrumentality as the General Partner of the 1753 Orchid Limited Partnership for up to $16,000,000 and payment of all acquisition, closing costs, site preparation and rehabilitation costs by the Partnership with Project Homekey capital funds or through conventional financing associated in order to further the City of Los Angeles’ response to addressing the COVID-19 public health crisis and the housing crisis in our City, and authorizes execution, by the Authority’s President and CEO, or his/her designee, of any and all real estate related documents, contracts for service and financing, 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 purchase and operation of this property.
Section 3. That if the Authority’s applications are awarded HomeKey funds or an equivalent grant source, the President and CEO, or his 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, and that any funds awarded for capitalized operating subsidies are spent by June 30, 2022 or within whatever limits are required by HCD.

Section 4. That if any application for Homekey Program funding is approved, the President and CEO, or his 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 activities, expenditures, information, and timelines represented in the Application will be enforceable through the HCD Standard Agreement and funds are to be used for the allowable expenditures and activities identified in the applicable HCD Standard Agreement.

Section 5. 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: 

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

By: ________________________________
James Johnson, General Counsel

DATE ADOPTED: ________________________________

By: ________________________________
Ben Besley, Chairperson
Attachment # 1: Super 8
**Property Location**
The property is located at 7631 Topanga Canyon Blvd. Los Angeles 91304, within the Canoga Park 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 $68,282.

**Property Description**
Super 8 Canoga Park was constructed in 1965 and is a two-story 52-unit apartment hotel. The building is currently in good condition. The hotel is appropriate for interim housing (IH) and conversion to permanent and can appropriately house individuals in the target population. The property will receive clients currently housed in Roomkey sites. Additional rooms available will be prioritized for vulnerable/sick & elderly homeless populations.

- **Building Exterior**
- **Building Pool**
- **Unit Bathroom**

**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>0.2 Miles</td>
<td>Park</td>
<td>0.9 Miles</td>
</tr>
<tr>
<td>• Saticoy &amp; Topanga Bus Stop</td>
<td></td>
<td>• Lanark Park</td>
<td></td>
</tr>
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<td>Saticoy/Topanga Canyon Blvd., LA, CA 91303</td>
<td></td>
<td>21816 Lanark St., Canoga Park, CA 91304</td>
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<tr>
<td>Grocery</td>
<td>0.9 Miles</td>
<td>Child Care</td>
<td>0.4 Miles</td>
</tr>
<tr>
<td>• Ralphs</td>
<td></td>
<td>• Toddler Learning Center</td>
<td></td>
</tr>
<tr>
<td>22333 Sherman Way, Canoga Park, CA 91303</td>
<td></td>
<td>7635 Owensmouth Ave., Canoga Park, CA 91304</td>
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<tr>
<td>Health Facility:</td>
<td>1.3 Miles</td>
<td>Elementary School</td>
<td>0.4 Miles</td>
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<tr>
<td>• First Health Medical Clinic</td>
<td></td>
<td>• Canoga Park Elementary School</td>
<td></td>
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<tr>
<td>21300 Sherman Way, Canoga Park, CA 91303</td>
<td></td>
<td>7438 Topanga Canyon Blvd., Canoga Park, CA 91303</td>
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<tr>
<td>Library:</td>
<td>1.5 Miles</td>
<td>Middle School</td>
<td>0.4 Miles</td>
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<tr>
<td>• Canoga Park Branch Library</td>
<td></td>
<td>• Columbus Middle School</td>
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<tr>
<td>20939 Sherman Way, Canoga Park, CA 91303</td>
<td></td>
<td>22250 Elwood St., Canoga Park, CA 91304</td>
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<tr>
<td>Pharmacy:</td>
<td>0.2 Miles</td>
<td>High School</td>
<td>1 Mile</td>
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<tr>
<td>• Walgreens Pharmacy</td>
<td></td>
<td>• Canoga Park High School (Graduation rate 80%)</td>
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<td>7560 Topanga Canyon Blvd, Canoga Park, CA 91303</td>
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<td>6850 CA-27, Canoga Park, CA 91303</td>
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</tr>
</tbody>
</table>

**Site Amenities:**
- Air Conditioning
- Heating
- Pool

- **Building Square Footage:** 19,709.0 sq. ft.
- **Lot Size:** 49,331 sq. ft.
- **Parking:** 32 automobile parking spaces
- **Assessor’s Parcel Number:** 2012022024

**Unit Mix**

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<thead>
<tr>
<th>Unit Type</th>
<th>Unit Total</th>
<th>Unit Sq. Ft.</th>
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<tr>
<td>0 Bedroom 1 Bath</td>
<td>52 units</td>
<td>350</td>
</tr>
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</table>

**Zoning & Permitting Information**

Zone: R4-1, P-1VL

R-2 occupancy

No change of use or occupancy needed. The building is permitted as a 53-unit apartment hotel with 32 automobile parking spaces. The Seller is required to ensure all 52 units are permitted and the COO is corrected prior to escrow closing.
Attachment # 2: Orchid
Property Location
The property is located at 1753 Orchid Ave, Los Angeles 90028, within the Hollywood neighborhood of the City of Los Angeles. The property is located in council district 13 (CD13). According to the 2020 Homeless Count Report CD13 reported 3,907 individuals in need of shelter. The zip code area currently has an average median income of $43,998.

Property Description
Orchid Suites was originally constructed in 1960 as a three-story 40-unit apartment/hotel with 36 dwelling units and 4 guest units. The property was rehabilitated in 2019 and is currently in good condition. The hotel is appropriate for interim housing (IH) and conversion to permanent and can appropriately house individuals in the target population. The property will receive clients currently housed in Roomkey sites. Additional rooms available will be prioritized for vulnerable/sick & elderly homeless populations.

Building Square Footage: 26,256 sq. ft.
Lot Size: 15,756 sq. ft.
Parking: 36 automobile parking spaces
Assessor’s Parcel Number: 5548004017

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>Park</td>
<td></td>
</tr>
<tr>
<td>Hollywood / Highland Transit Station</td>
<td>0.2 Miles</td>
<td>Yucca Park</td>
<td>0.3 Miles</td>
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<tr>
<td>Grocery</td>
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<td>Child Care</td>
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<tr>
<td>Ralphs</td>
<td>0.8 Miles</td>
<td>Ms. Huda Daycare</td>
<td>0.9 Miles</td>
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<tr>
<td>Library</td>
<td></td>
<td>Elementary School</td>
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<tr>
<td>Will &amp; Ariel Durant Branch Library</td>
<td>0.8 Miles</td>
<td>Selma Avenue Elementary School</td>
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<tr>
<td>Library</td>
<td></td>
<td>Middle School</td>
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<tr>
<td>Will &amp; Ariel Durant Branch Library</td>
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<td>Hubert Howe Banker Middle School</td>
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<tr>
<td>Pharmacy</td>
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<td>High School</td>
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<tr>
<td>CVS Pharmacy</td>
<td>0.3 Miles</td>
<td>Hollywood High School (Graduation rate-86%)</td>
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Buildable Exterior

Site Amenities:
- Air Conditioning
- Heating
- In Unit Kitchen
- Heating
- Elevator

Unit Mix

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Unit Total</th>
<th>Unit Sq. Ft.</th>
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</thead>
<tbody>
<tr>
<td>0 Bedroom 1 Bath</td>
<td>21 units</td>
<td>550</td>
</tr>
<tr>
<td>1 Bedroom 2 Bath</td>
<td>19 units</td>
<td>600</td>
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</tbody>
</table>

Zoning & Permitting Information
Zone: [Q]R4-1VL
R-2 occupancy

No change of use or occupancy needed. The building is permitted as a 40-unit apartment hotel building with 36 automobile parking spaces.