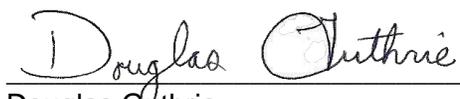
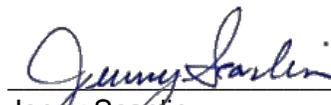


**PROPOSED RESOLUTION TO AUTHORIZE THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES TO SUBMIT APPLICATIONS FOR THE STATE OF CALIFORNIA'S CDBG – CORONAVIRUS 2021 HOMEKEY SET-ASIDE PROGRAM WITH THE CITY OF LOS ANGELES AND ENTER INTO RELATED SUB-RECIPIENT AGREEMENTS WITH THE CITY OF LOS ANGELES TO RECEIVE UP TO \$6,950,000 FOR THE CONVERSION OF THREE PROJECT HOMEKEY SITES TO PERMANENT HOUSING AS WELL AS ENTER INTO CONSTRUCTION CONTRACTS TO COMPLETE REHABILITATION WORK AND AUTHORIZE THE PRESIDENT AND CEO, OR DESIGNEE, TO UNDERTAKE VARIOUS ACTIONS IN CONNECTION THEREWITH**



Douglas Guthrie  
President & Chief Executive Officer



Jenny Scanlin  
Chief Development Officer

**Purpose:** To allow the Housing Authority of the City of Los Angeles (“HACLA”) to partner with the City of Los Angeles (“City”) to apply, on behalf of HACLA, for a grant opportunity from the State Department of Housing and Community Development (“HCD”) to acquire additional funding for existing Homekey properties owned in whole or in part by HACLA or one of its instrumentalities, and enter into related sub-recipient agreements and construction contracts. The additional funding would be used to augment the existing budgets for the rehabilitation necessary to rapidly sustain and expand housing for persons experiencing or at risk of homelessness and impacted by COVID-19.

**Regarding:** Resolution No. 9613 adopted by the Board of Commissioners (“Board”) on July 30, 2020 authorized HACLA’s submittal of multiple applications to the State’s 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.

Prior related actions of this Board are Resolutions 9633, 9653, and 9654, which were adopted by the Board of Commissioners on September 24, 2020 and October 29, 2020 respectively for the acquisition of the Best Western NoHo (NoHo Apartments), Super 8 Canoga Park (Canoga Park Place), and the Orchid Hotel (The Orchid) through the Homekey program.

**Issues:** On April 21, 2021, the State of California through its HCD Department issued an Invitation to apply for the availability of approximately \$50 million in set-aside funding under the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act signed into law March 27, 2020. The CARES Act provides additional CDBG funds specifically targeted to prevent, prepare for, and respond to COVID-19. These funds are available to California units of local government for projects that were included in the original Homekey NOFA application that are CDBG-CV2 eligible. Eligible uses include acquisition, rehabilitation, and off-site infrastructure construction necessary for projects to become habitable and fully operational.

In response to the fact that the federal government has mandated that their funds be used prior to December 31, 2022, the Homekey Program currently requires jurisdictions to only submit “ready” projects that can meet these expenditure requirements. Applications will be accepted between April 21, 2021 and August 31, 2021 and are prioritized in a “First Come First Serve” order.

The Homekey Program is anticipated to provide up to \$50,000 in grant funding per occupied unit. There is no match requirement in this application and the Board is not being asked to allocate or approve any additional funding. The funds are being made available only to those applicants who applied under the prior Homekey NOFA and have a CDBG-CV2 eligible project (or projects). HACLA has reviewed its Homekey portfolio and is recommending that applications be submitted for The Orchid, Canoga Park Place (formerly Super 8), and NOHO Apartments (formerly Best Western North Hollywood). This additional funding would reduce the need to borrow the funds required to complete the necessary work. The necessary work must be completed regardless of whether these additional CDBG funds are obtained, and the funds would still need to be borrowed. HACLA will be entering into construction contracts to complete the work, whether or not the CDBG funds are awarded to the City and HACLA.

NoHo Apartments was acquired by HACLA pursuant to Resolution 9633 and will likely be transferred to a HACLA-controlled instrumentality when HACLA determines it is both in the public interest and its corporate interest to do so. Following acquisition pursuant to Resolution 9653, ownership of Canoga Park Place was transferred by HACLA to Topanga Canyon Housing Partners, LP, in which L.A. Family Housing Corporation-controlled entity PHK SUP8 LLC is the managing general partner, HACLA instrumentality Los Angeles LOMOD South, Inc. is the administrative general partner, and HACLA instrumentality La Cienega LOMOD, Inc. is the limited partner. Pursuant to Resolution 9654, The Orchid was acquired in partnership with the non-profit organization PATH, and is presently owned by 1753 Orchid Partners, LP, in which PATH Ventures-controlled entity PV Highland LLC is the managing general partner, HACLA instrumentality Los Angeles LOMOD South, Inc. is the administrative general partner, and PATH Ventures is the limited partner.

*CDBG  
Application*

In order to apply for the additional funding, HACLA is required to partner with the City of Los Angeles to submit applications on its behalf, as the City is the CDBG administrator. Pursuant to the Invitation to Apply from HCD, applications must be started and submitted under the applying unit of local government’s profile and any submitted otherwise will not be accepted. Part of the requirements for this application also includes citizen participation. HACLA posted an ad in a generally circulated newspaper, posted notices for a public hearing on our public website, and distributed these notices to service provider partners to meet the requirements of citizen participation. The City will conduct the required Public Hearing on May 27<sup>th</sup>, 2021 at its normal Homelessness and Poverty committee meeting to consider the proposed applications for this NOFA. This requirement means that the City will be required to serve as the applicant, and HACLA and the other ownership entities would be considered sub-recipients and will enter into Sub-Recipient Agreements to formalize the transfer the funds and grant requirements. HACLA is requesting Board authorization to enter into Sub-Recipient Agreements with the City. If funding is awarded, all funding must be expended by December 31, 2022.

*Property*

*Rehabilitation* **Best Western NoHo (NoHo Apartments):**

This hotel is a 70-unit property that is currently vacant. Kitchens will be added to each of the units. Since the property is newly built, four (4) units are already ADA compliant. Minor ADA improvements will be required to ensure that 10% of the total units, or seven (7) units, are fully ADA compliant and 4% of the units will be modified to meet sight/hearing ADA compliance. The additional work for the remaining three (3) ADA conversions will consist mostly of adding roll-in showers. In addition, HACLA will convert five (5) of the larger units, which are currently all singles, to one bedroom units. The project is currently going through the procurement process and it is expected to be under contract by June 2021. The cost of construction is anticipated to be approximately \$3.5 million and HACLA expects to apply for up to \$3.45 million from the State through this CDBG-CV opportunity. The building must meet HCD's occupancy requirement of 50% by the end of August and be completely occupied no later than November 30, 2021. As soon as the first 35 units are ready, property management and the supportive services provider will work together as new residents are referred through CES, Rapid Rehousing, or similar referral system that will ensure the target population is housed.

**Super 8 (Canoga Park Place):**

The Super 8 is a 52-unit property currently operated under Project RoomKey with supportive services provided by Los Angeles Family Housing. Although the Super 8 has some units with kitchens, new kitchens will need to be installed in all units, and ADA modifications will be required to meet the State's 10%/4% requirements for physical and sight/hearing accessibility. The property is currently fully occupied, and an architect and engineering firm is in process of working on the plans for the work needed. Property management and the supportive services provider will work together as new residents are referred through CES, Rapid Rehousing, or similar referral system that will ensure the target population is housed prior to the start of construction. The conversion process is expected to begin in September 2021 and will take approximately eight months to complete. Although the plans are not complete, the expected cost is anticipated to be approximately \$3.4 million and the CDBG-CV application will be made for \$2.5 million, which is the maximum allowed based on \$50,000 per unit limits in the NOFA.

**The Orchid Hotel (The Orchid):**

The Orchid is a 41-unit building that is currently 70% occupied. The units were originally built as apartments, so each unit is already equipped with a fully operational kitchen. The only immediate work required is intended to meet ADA improvements to the units as well as improvements to paths of travel and common areas to better serve the needs of the population being housed. HACLA is currently awaiting Ready to Issue ("RTI") plans to be approved by the Department of Building and Safety. PATH is HACLA's partner on the project and is providing support services to ensure the success of the program. EAH is the active property manager and is working with PATH to complete lease up of the units populated by referrals through CES. The majority of units have been leased. Once construction is completed, the balance of units will be leased. The application for CDBG-CV is expected to be \$1,000,000 which will cover the expected cost of construction.

**Vision Plan: Place Strategy 2.3 – Increase Functionality and effectiveness of 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.

**Vision Plan: Place Strategy 3 - Improve and expand Section 8 program, policies, and efficiencies**

This strategy involves the acquisition of property for the purpose of a larger variety of readily available housing units that are anticipated to serve Section 8 Voucher participants.

**Funding:** The Chief Administrative Officer confirms the following:

*Source of Funds:* There is no HACLA funding required for this action. The Homekey Program is anticipated to provide up to \$50,000 in grant funding per occupied unit for the purposes of rehabilitation and off-site infrastructure construction necessary for projects to become habitable and fully operational which can serve the program’s Target Population as permanent or interim housing. The funding will be issued as reimbursements through HCD.

Below is a list of properties anticipated to be submitted as well as the potential funding amounts:

<b>Property</b>	<b>Total Units</b>	<b>Eligible Units</b>	<b>Amount per Unit</b>	<b>Total Up to Amount Requested</b>
NoHo Apartments (Best Western NoHo)	70	69	\$50,000.00	\$3,450,000.00
Canoga Park Place (Super 8 Canoga Park)	52	50	\$50,000.00	\$2,500,000.00
The Orchid	41	40	\$25,000.00	\$1,000,000.00
<b>TOTAL</b>				<b>\$6,950,000.00</b>

*Budget and Program Impact:* If awarded, the amount borrowed to finance the physical construction work would be reduced, so the payments would be reduced from the currently estimated amount once permanent funding is secured.

Note that while the Authority’s anticipated construction cost for NoHo Apartments is \$3,500,000, only 69 of the 70 units are eligible for Homekey CDBG funds, at a maximum funding amount of \$3,450,000, so HACLA is requesting authorization to enter into a \$3,500,000 construction contract, and to apply for corresponding funding of \$3,450,000.

**Environmental**

**Review:** Minor rehabilitation of existing buildings and the acquisition of property are all exempt activities under CEQA. The primary source of funding for Homekey, Coronavirus Relief Funds are federal funds and therefore requires NEPA review. NEPA was previously completed for these properties during Acquisition as well as all necessary environmental assessments.

**Section 3:** Not Applicable

**Attachment:**  
1. Resolution

**PROPOSED RESOLUTION TO AUTHORIZE THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES TO SUBMIT APPLICATIONS FOR THE STATE OF CALIFORNIA'S CDBG – CORONAVIRUS 2021 HOMEKEY SET-ASIDE PROGRAM WITH THE CITY OF LOS ANGELES AND ENTER INTO RELATED SUB-RECIPIENT AGREEMENTS WITH THE CITY OF LOS ANGELES TO RECEIVE UP TO \$6,950,000 FOR THE CONVERSION OF THREE PROJECT HOMEKEY SITES TO PERMANENT HOUSING AS WELL AS ENTER INTO CONSTRUCTION CONTRACTS TO COMPLETE REHABILITATION WORK AND AUTHORIZE THE PRESIDENT AND CEO, OR DESIGNEE, TO UNDERTAKE VARIOUS ACTIONS IN CONNECTION THEREWITH**

**WHEREAS**, the Housing Authority of the city of Los Angeles (“HACLA”) 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 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**, HACLA 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**, during this long-standing affordable housing crisis, unique new sources of grant funds may be available through both public and private sources which provide opportunities to further HACLA’s mission;

**WHEREAS**, the State of California, through its Department of Housing and Community Development (“HCD”), has made funding available under the invitation to apply dated April 21, 2021 pursuant to the CARES Act (Public Law No: 116-136) and the Housing and Community Development Act of 1974 (HCDA) as amended and codified at Title 42 United States Code (U.S.C.) § 5301, et. seq., and Subpart 1 of the federal CDBG Regulations, found at Title 24 Code of Federal Regulations (CFR) § 570.480 et seq.;

**WHEREAS**, HACLA desires to apply for funding and enter into related Sub-Recipient Agreements with the City of Los Angeles for three (3) HACLA-related projects and requires the Board’s authority to enter into such agreements so the City of Los Angeles may submit such applications to HCD;

**WHEREAS**, HACLA has reviewed the NOFA and all other program requirements made available by HCD as of the date of this resolution and intends to only submit applications that comply with all applicable terms and conditions;

**WHEREAS**, HACLA understands the funding is available as a response to COVID-19 and is derived from the State’s direct allocation of the federal Coronavirus Relief Fund and that funds have expedited expenditure requirements;

**WHEREAS**, HACLA wishes to convert the Best Western NoHo, located at 11135 West Burbank Blvd., Los Angeles, CA from a hotel to permanent housing for households at risk of homelessness and especially vulnerable to impact by COVID-19 at a conversion cost not to exceed \$3,500,000;

**WHEREAS**, Best Western NoHo is currently owned by HACLA, and rehabilitation-related construction expenditures will be necessary to convert the property to permanent supportive housing regardless of whether CDBG Homekey funds are awarded;

**WHEREAS**, HACLA now wishes to convert the Super 8 Canoga Park, currently owned by Topanga Canyon Housing Partners, LP, of which a HACLA instrumentality, Los Angeles LOMOD South, Inc. is the administrative general partner, and located at 7631 Topanga Canyon Blvd. in the City of Los Angeles, from a hotel to permanent housing for households at risk of homelessness and especially vulnerable to impact by COVID-19 and intends to apply for \$2.5 million in State CDBG-CV funding;

**WHEREAS**, HACLA wishes to rehabilitate The Orchid, currently owned by 1753 Orchid Partners, LP, of which a HACLA instrumentality, Los Angeles LOMOD South, Inc. is the administrative general partner, and located at 1753 Orchid Ave., in the City of Los Angeles for permanent housing for households at risk of homelessness and especially vulnerable to impact by COVID-19 at a conversion cost not to exceed \$1,000,000; and

**WHEREAS**, the President and CEO shall ensure compliance with any requirements, provisions and restrictions set forth in the HCD grant documents and will ensure such programs, grants or donations are aligned with the mission of HACLA.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Commissioners hereby authorizes the following and directs that the President and CEO, or his designee, is authorized to proceed as follows:

**Section 1.** The Housing Authority of the City Los Angeles (“HACLA”) may, in collaboration with the City of Los Angeles submit three (3) applications to HCD in response to the Invitation to Apply, dated April 21, 2021.

**Section 2.** That if the City’s applications are awarded CDBG funds, the President and CEO, or his designee, is hereby authorized and directed to enter into, and execute a Sub-Recipient Agreement with the City of Los Angeles and ensure that any funds awarded for the rehabilitation and/or conversion are spent by December 31, 2022 or within whatever statutory limits are required by HCD; and that the President and CEO or his designee is authorized to execute any and all documents, certificates and agreements to meet the requirements of HCD and effectuate the intent of this resolution, all with the approval of legal counsel..

**Section 3.** That the President and CEO, or his designee, is hereby authorized and directed to commence the conversion or rehabilitation of the Best Western NoHo (NoHo Apartments), and to enter into contracts to this effect, in an amount not to exceed \$4,000,000, so that the work is completed to meet HCD’s lease up requirement.

**Section 4.** That if the City’s application for CDBG funding for conversion or rehabilitation of NoHo Apartments is approved, the President and CEO, or his designee, is hereby authorized and directed to expend such funds on the conversion or rehabilitation activities described in Section 3, above, in an amount not to exceed \$3,450,000.

**Section 5.** That if the City’s applications for CDBG funding for conversion or rehabilitation of Super 8 Canoga Park (Canoga Park Place) is approved, the President and CEO, or his designee, is hereby authorized and directed to expend such funds on the conversion or rehabilitation of Canoga Park Place in an amount not to exceed \$2,500,000, so the work is completed to meet HCD’s lease up requirement, and to enter into an agreement with Topanga Canyon Housing Partners, LP to effectuate these purposes.

**Section 5.** That if the City's applications for CDBG funding for conversion or rehabilitation of The Orchid Hotel (The Orchid) is approved, the President and CEO, or his designee, is hereby authorized and directed to expend such funds on the conversion or rehabilitation of The Orchid in an amount not to exceed \$1,000,000, so the work is completed to meet HCD's lease up requirement, and to enter into an agreement with 1753 Orchid Partners, LP to effectuate these purposes.

**BE IT FURTHER RESOLVED** that this Resolution shall take effect immediately.

HOUSING AUTHORITY OF THE  
CITY OF LOS ANGELES

By: \_\_\_\_\_  
Cielo Castro, Chairperson

APPROVED AS TO FORM:

BY: \_\_\_\_\_  
General Counsel

DATE ADOPTED: \_\_\_\_\_