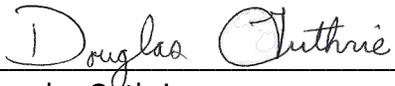


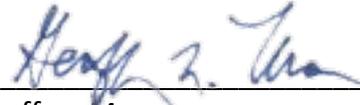
Report of the President & CEO

November 18, 2021

RESOLUTIONS APPROVING THE ACQUISITION OF THE FOLLOWING TWO (2) REAL PROPERTY ASSETS AT FAIR MARKET VALUE: (1) 2812 W TEMPLE STREET, LOS ANGELES, CALIFORNIA 90026, FOR \$18,580,000, AND (2) 1654 W FLORENCE AVENUE, LOS ANGELES, CALIFORNIA 90047, FOR \$49,500,000, 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



Douglas Guthrie
President & Chief Executive Officer



Geoffrey Moen
Director of Development

Purpose: To allow the Housing Authority of the City of Los Angeles ("HACLA" or "Authority"), in collaboration with the City of Los Angeles ("City") through an executed Professional Services Agreement, to purchase two (2) newly-constructed multifamily properties (each a "Property," and together the "Properties" or the "City Properties") in response to the State of California ("State") Department of Housing and Community Development's ("HCD") Notice of Funding Availability ("2021 NOFA") for the second round of the Homekey Program ("Homekey"). Actions are required to be taken at this time in order to meet the Purchase and Sale Agreements' contingency requirements for Board of Commissioners consideration within sixty days of the execution of the Purchase and Sale Agreements for the Properties.

This report provides a detailed explanation of each of the properties selected for purchase on behalf of the City at this time, with property acquisition summaries 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 Properties, all financing to close escrow on the properties will be provided by the City through its receipt of the grant funding from the Homekey Program and other City funding. HACLA has funded the deposits for each property, which will be reimbursed at closing by the City.

Regarding:

Resolution No. 9710, adopted by the HACLA Board of Commissioners (“Board”) on May 27, 2021, authorized HACLA to submit multiple applications, on its own behalf and in collaboration with the City, in response to the 2021 NOFA, to apply for Homekey grant funds in a total amount not to exceed \$250,000,000, including \$220,000,000 for capital expenditures and \$30,000,000 for capitalized operating subsidy; to enter into one or more Standard Agreements with HCD; to enter into a Memorandum of Understanding with the City; and to execute any related agreements, documents and contracts.

Issues:

*Homekey
Program*

On June 28, 2021, the State enacted a budget for 2021-2022 with \$2.75 billion in funding for a second round of Homekey, including \$2.2 billion in Coronavirus Relief Funds (“CRF”) and \$550 million from the State’s general fund. Geographic allocations are included this year, with all jurisdictions in Los Angeles County receiving a \$358,681,953 set aside. However, access to the set aside is only available until January 31, 2021. All excess geographic allocations will convert to the State’s general fund available funding after January. HCD issued the 2021 NOFA with program requirements and scoring criteria for the second round of Homekey on September 9, 2021 and the 2021 NOFA program was opened for submittals on October 1, 2021.

New guidelines released in the 2021 NOFA maintain many of the same targets and approach as the 2020 NOFA, continuing the statewide effort to sustain and rapidly expand housing for persons experiencing homelessness or at-risk of homelessness, as defined in Section 578.3 of Title 24 of the Code of Federal Regulations, inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic.

The 2021 NOFA requires jurisdictions to only submit “ready” projects that can meet expedited expenditure requirements and applications will be received and evaluated on a rolling basis until May 2, 2022, or until the available funds are exhausted, whichever occurs first. Other elements of the NOFA which remain from the first round are the prioritization of projects that can meet occupancy or partial occupancy requirements in a shorter period of time and that have a clear path for use as permanent housing. Although the City and HACLA concentrated on acquisition and rehabilitation of hotels and motels in the first round of Homekey, the City, through the Los Angeles Housing Department, elected to focus on purchasing vacant multi-family buildings in ready-to-occupy condition. This

approach carries a higher cost per unit on the front end, but provides certainty in swift occupancy and no trailing costs for significant rehabilitation or conversion.

HCD has adjusted the maximum per unit capital grant and the local match formula for the second round of Homekey. The baseline capital amounts are as follows: i) \$150,000 per door for studio or one-bedroom units; ii) \$175,000 per door for two-bedroom units; iii) \$200,000 per door for three-bedroom or larger units; iv) \$200,000 per door for assisted units reserved for those experiencing Chronic Homelessness, regardless of bedroom count; and v) \$175,000 per door for assisted units reserved for Homeless Youth or Youth at Risk of Homelessness, regardless of bedroom count. Beyond the applicable baseline capital amount, a 1:1 local match may be leveraged to provide up to an additional \$100,000 per door. A bonus award of \$10,000 per unit is also available for applications submitted prior to February 1st, 2022. Therefore, under this second round of Homekey, projects can anticipate receiving a baseline of \$250,000 to \$300,000 per door with a local match equal to \$100,000.

Homekey guidelines require applicants to demonstrate a five-year commitment to provide operating funds for each project. If projects demonstrate a three-year commitment of non-Homekey operating funds, HCD will provide an operating subsidy for two years; if Projects demonstrate a commitment of four or more years of non-Homekey operating funds, HCD will provide an operating subsidy for three years; and, if a Project's application score is 140 or more, HCD may consider providing a three year operating subsidy without a demonstrated commitment from the applicant. In the second round of Homekey, HCD is providing funding for a short-term operating subsidy of \$1,000 per unit per month. For any units reserved for those experiencing Chronic Homelessness, Homeless Youth, or for Youth at Risk of Homelessness, HCD will provide up to \$1,400 per unit per month in operating assistance. The City is also pursuing the use of project-based Section 8 vouchers through the upcoming HACLA Notice of Funding Availability (the "PBV NOFA"), tenant-based Section 8 vouchers, capitalized operating reserves, and other means of providing for longer-term operating support for the City Properties.

The Board is not being asked to allocate or approve any funding to meet application match requirements or other project related costs for the two City Properties. HACLA is being asked to perform and manage the acquisition of 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 Board of Commissioners' approval of these acquisitions is only one of many remaining contingencies in each Purchase and Sale Agreement and HACLA has the opportunity to extend or terminate escrow if these other contingencies cannot be reasonably met and released.

The City is responsible for providing all funding necessary to effectuate the escrow closings and will reimburse HACLA for all upfront costs incurred in conducting due diligence (appraisals, Physical Needs Assessments, Phase I Environmental Site Assessments, Phase II Environmental Assessments, architectural plans, permits, title and recording, survey, pest inspections, accessibility inspections, construction review, and similar investigations) on the City Properties, as well as any interim Asset Management services provided by HACLA after the potential acquisition of the Properties.

Ownership:

The City is preparing to issue a Request for Proposals (“RFP”) in December 2021 to identify qualified owner/operators to operate the City’s 2021 Homekey properties as either interim or permanent housing, which will include the two Properties discussed herein. The selected owner/operator and the City will contract with qualified service providers to ensure appropriate services and systems of care are available to residents. The RFP for the second round of Homekey will be similar in substance to the RFP issued by the City in connection with the first round of Homekey in September 2020. Under the RFP, it is expected that HACLA will transfer ownership of each City Property, either at the close of escrow or shortly thereafter, to the City’s selected owner/operator for that Property.

Also similar to the first round of Homekey, it is anticipated that the City will record a Deed of Trust and a regulatory agreement restricting the use of each City property to match all Homekey requirements. All of the Properties will serve the public purpose of providing deeply affordable housing to individuals and families and the transfer of the property to each eventual owner/operator at higher of the appraised value or the value which was paid by the City and State would meet the public benefit requirements of all applicable State Health and Safety Codes.

Properties:

HACLA and the City have determined that the Properties are anticipated to meet the requirements of the upcoming second round of Homekey, based on the requirements of the first round. A summary of each Property is provided in the table below. In total, the two new construction Properties would, upon completion, provide 170 units in two of the City’s Council Districts.

Name	Address	Council District	APN	Purchase Price	Purchase Price Per Unit	Appraised Value	Number of Units
2812 W Temple	2812 W Temple	13	5156-016-002	\$ 18,580,800	\$ 442,400	TBD	42
1654 W Florence	1654 W Florence	8	6018-003-034	49,500,000	386,719	50,115,000	128
Total				\$ 68,080,800	\$ 400,475	TBD	170

2812 W Temple Street is a forty-two (42) unit new construction, multifamily property consisting of eighteen (18) studio units and twenty-four (24) one-bedroom units. 1654 W Florence Avenue is a one hundred twenty-eight (128) unit new construction, multifamily property consisting of all one-bedroom units. Both Properties will be delivered fully vacant at closing, after obtaining a final Certificate of Occupancy from the City of Los Angeles. 1654 W Florence is scheduled to close by December 30, 2021 with the option to extend to March 31, 2022, and 2812 W Temple is scheduled to close by March 31, 2022 with the option to extend to May 31, 2022. An appraisal of 2812 W. Temple is underway and expected to be delivered the week of November 15, 2021. Based on preliminary conversations with the appraiser and comparable sales, staff are confident the appraisal will support the purchase price. An appraisal for 1654 W. Florence was delivered October 15, 2021; the appraised value of \$50,115,000 supports the purchase price.

HACLA’s underwriting process included a self-scoring of each project. A minimum score of 120 out of a possible 207 points is required to be eligible to receive funding. Criteria for scoring include the ability to expend funds timely, demonstration of operating leverage, experience, racial equity and community engagement, and community impact and site selection. Projects may receive negative points for the permanent displacement of existing residents.

The two Properties discussed herein score comfortably above the 120-point threshold for funding eligibility; however, they are unable to secure Impact and Site Selection points for the following criteria: 25% of units three-bedroom or larger; 25% of units two-bedroom or larger; minimum of 15% of units mobility accessible (both are 11%); minimum of 10% of units sensory accessible (both are 4%); capital match does not exceed minimum required; and, proximity to amenities.

	Timeliness and Leverage	Experience	Equity and Engagement	Impact and Site Selection	Negative Points	Total (min 120)
<u>Maximum Points</u>	40	55	20	92	-20	207
2812 W. Temple	39	54	20	60	0	173
1654 W. Florence	39	54	20	59	0	172

HACLA has entered into a purchase and sale agreement (“PSA”) for each of the Properties, each of which includes a contingency requiring that HACLA receive Board approval to purchase the Property within sixty (60) days of the effective date of the purchase and sale agreement. The Board approval contingency for 2812 W Temple will expire on December 14, 2021, and the Board approval contingency for 1654 W Florence will expire on November 27, 2021, both of which necessitated that the Board consider the acquisition of each respective Property at the November 18th Board meeting. Additional properties will be brought to the Board for its consideration on a rolling basis as purchase and sale agreements are executed.

Financing:

HACLA is preparing Homekey grant applications for funding on behalf of the City for each of the Properties. Each application will be for the maximum Homekey capital grant based on the targeted population for the Property, including an additional contribution for a match of HACLA funding and a bonus award of \$10,000 per unit due to the applications being submitted prior to February 1st, 2022. The applications will be for \$10.9 million (\$260,000 per unit) in capital grant funding for 2812 W. Temple and \$33.3 million (\$260,000 per unit) for 1654 W. Florence. All additional costs of acquisition will be paid by the City from other funding sources, in accordance with the Professional Services Agreement between the City and HACLA.

If one or both Properties are not awarded Homekey funds, the City will decide whether to cancel escrow for the non-awarded Properties or to 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. Additionally, the purchase and sale agreement for each Property includes a 90-day financing contingency. If HCD has not confirmed approval of a Homekey grant for a Property prior to the execution of the contingency, HACLA will, in consultation with the City, either negotiate for a potential extension with the seller, waive the contingency and proceed with the purchase using other City funds, or terminate the purchase and sale agreement and obtain a refund of the deposit.

The anticipated project costs for the Properties are included in **Attachment 2** of this Board report. In summary projected project costs are as follows:

- **Total purchase price for acquisition of \$68,080,800**, to be funded by Homekey funds and City matching funds at escrow closing.

- **Initial deposits totaling \$250,000** have been funded by HACLA on behalf of the City, and will be reimbursed by the City at escrow closing or upon cancellation of escrow.
- **Estimated rehabilitation costs of approximately \$223,000** for minor life/safety repairs prior to occupancy and ADA compliance to be funded by the City and completed by the eventual owner/operator after escrow closing.
- **Total third-party costs estimated to be approximately \$85,600** for appraisals, PNAs, Environmental Phase 1 reports, title & recording, architectural and permitting costs, termite and pest inspections, surveys, and zoning and permitting reports. These costs will be incurred by HACLA on behalf of the City, to be reimbursed by the City at escrow closing or upon cancellation of escrow.
- **HACLA administrative fees estimated to be approximately \$1,361,600**, based on 2% of the total acquisition price for each Property, to cover overhead and staffing costs for HACLA's administration of acquisition activities for the Properties, including identifying and vetting prospective properties, drafting and negotiating offers and purchase and sale agreements and related legal costs, coordinating Homekey applications, opening and tracking escrow, conducting due diligence and managing third party consultants, and performing other related activities necessary to close on the acquisition of the Properties.

Rehabilitation & Accessibility:

HACLA has engaged third party consultants to conduct physical needs assessments ("PNAs") to assess the physical condition of each Property, including the expected useful life of the structures, systems, and improvements within each Property, the cost of any capital repairs and replacements that may be necessary over the next several years, the identification of any immediate capital needs at each Property, and the identification of any required physical changes that would be necessary to complete prior to the intended occupancy of the Properties as non-transient multi-family housing.

PNAs for the Properties are not yet available because each Property is in the process of completing construction. However, the purchase and sale agreement for each Property extends the investigation period for PNAs, as well as certain other investigations which cannot be completed prior to construction completion, to a period of thirty (30) days following construction completion. Because each Property is newly constructed, HACLA does not anticipate that any capital needs, other than accessibility modifications, will be required upon closing. Both Properties will have a minimum of 11% of units mobility accessible and 4% of units vision/hearing accessible. If any significant and immediate capital needs are

identified through the PNAs, HACLA will have the option of negotiating either that the needs be addressed by the seller prior to closing or that an appropriate price modification is included. Alternatively, HACLA may elect to terminate the purchase and sale agreement and receive a return of the deposit.

Additionally, each purchase and sale agreement requires that the seller of the Property deliver to HACLA a Certificate of Occupancy executed by the Los Angeles Department of Building and Safety (“LADBS”), consistent with the number and bedroom type of the units identified in the purchase and sale agreement, prior to escrow closing. Each purchase and sale agreement also requires the respective seller to complete installation of the finishes that are identified and approved by HACLA during the investigation period.

HACLA has also engaged third party consultants to analyze the zoning and permitting of the Properties and to provide reports indicating any potential zoning, land use, or permitting issues that need to be addressed in order to allow the intended occupancy. Based on the zoning of the Properties and the permits executed for each Property by LADBS for the construction of multiple-family housing, HACLA does not anticipate that any land use actions will be required in order to occupy the Properties for their intended use as multi-family housing. HACLA will review these reports prior to the expiration of the respective investigation period for each Property and address any issues that emerge.

Vision Plan: Place Strategy #4: Steward efforts to reduce and alleviate homelessness.

On behalf of itself and the City of Los Angeles and in furtherance of the anticipated second round of the State’s Homekey Program, HACLA has expended and will continue to expend extensive money and staff time to identify and secure agreements to purchase vacant properties within the City in which to provide decent, safe, and sanitary housing for individuals and families experiencing homelessness or at risk of homelessness.

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

Acquiring vacant properties to provide decent, safe, and sanitary housing for individuals and families experiencing homelessness or at risk of homelessness will reduce the number of Angelenos exposed to adverse health outcomes in neighborhoods throughout the City of Los Angeles.

Funding: The Chief Administrative Officer confirms the following:

Source of Funds: The \$250,000 for deposits and approximately \$85,600 in 3rd party due diligence costs may be advanced with unrestricted and uncommitted

non-federal proceeds from HACLA’s acquisition fund. 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, including any costs incurred for cancelled escrows.

The \$68,080,800 needed for acquisition funding at close of escrow and all related closing costs will be funded by the City of Los Angeles and the State of California.

Budget and Program Impact: The actions and expenditures related to the acquisition of these sites are generally in line with HACLA’s Acquisition Program; HACLA’s Annual Midyear Budget for FY 2021, which included new staff positions in the Development Services department partly in order to support Homekey acquisitions; and the Authority’s mission and goals. Funds expended are anticipated to be repaid in full during escrow or by invoice within forty-five (45) days of closing on each property, in accordance with the executed Professional Services Agreement between HACLA and the City.

Environmental Review:

NEPA: The primary source of funding for Homekey, CRF, are federal funds and therefore require NEPA review. Based upon discussions with the State HCD and the City of Los Angeles Housing Department (“LAHD”), HACLA is informed and believes that the property acquisitions discussed herein are categorically excluded from NEPA, and that LAHD will be making such determination. HACLA has engaged a consultant to prepare a categorical exemption analysis for LAHD’s review and adoption.

CEQA: The acquisition of these Properties meets the requirements of the normal CEQA categorical exemptions allowed under Title 14, Division 6, Chapter 3, Sections 15301 (Existing Facilities) and 15326 (Acquisitions of Housing for Housing Assistance Programs) of the California Code of Regulations. 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 to mitigate the publicly declared emergency created by the COVID-19 pandemic as it pertains to individuals and families who are most vulnerable.

If the Board makes a finding that the categorical exemptions apply, Notices of Exemption (“NOE”) for each Project will be filed with 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. Resolutions
2. Summary of project costs
3. Attachment – Property # 1: 2812 W. Temple Street
4. Attachment – Property # 2: 1654 W. Florence Avenue

ATTACHMENT 1

Resolutions

RESOLUTION NO. _____

RESOLUTION APPROVING THE ACQUISITION OF THE FOLLOWING REAL PROPERTY ASSET AT FAIR MARKET VALUE: 2812 W. TEMPLE STREET, LOS ANGELES, CALIFORNIA 90026, FOR \$18,580,800 (THE "2812 W. TEMPLE PROPERTY"), IN ANTICIPATION OF THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT'S ("HCD") NOTICE OF FUNDING AVAILABILITY FOR THE HOMEKEY PROGRAM ("HOMEKEY") IN PARTNERSHIP WITH THE CITY OF LOS ANGELES; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL RELATED DOCUMENTS, CERTIFICATES AND AGREEMENTS, INCLUDING THE PURCHASE AND SALE AGREEMENT AND HCD STANDARD AGREEMENT; MAKING A DETERMINATION THAT THIS ACQUISITION IS EXEMPT FROM ENVIRONMENTAL REVIEW UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH

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 California Health and Safety Code Section 34200 *et seq.* and particularly with respect to Section 34315;

WHEREAS, the Authority's Board of Commissioners ("Board") has adopted by Resolution 9639, on October 22, 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 California ("State") Department of Housing and Community Development ("HCD"), using Federal Coronavirus Relief Funds and State general funds, created the Project Homekey Program ("Homekey") in 2020 to rapidly create deeply affordable housing for individuals and families experiencing or at risk of homelessness, who were disproportionately impacted by the COVID-19 pandemic;

WHEREAS, following successful 2020 Homekey applications, Resolution No. 9710, adopted by the Board on May 27, 2021, authorized HACLA to submit multiple applications on its own behalf and in collaboration with the City of Los Angeles ("City") in response to an anticipated 2021 Notice of Funding Availability for the Project Homekey Program ("2021 NOFA"), to apply for a second round of Homekey grant funds in a total amount not to exceed \$250,000,000, including \$220,000,000 for capital expenditures and \$30,000,000 for capitalized operating subsidy, to enter into one or more Standard Agreements with HCD, to enter into a Memorandum of Understanding with the City, and to execute any related agreements, documents and contracts;

WHEREAS, HCD issued a 2021 NOFA for the second round of Homekey in September 2021, with a geographic set aside and bonus provision for applications submitted prior to February 1, 2022;

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 all other legal requirements of the Homekey Program, including the terms, conditions, regulations, and agreements that HCD may adopt through the 2021 NOFA and application for Homekey;

WHEREAS, the Authority and the City are executing a Professional Services Agreement and an Asset Management Agreement, which together set forth the terms and responsibilities of each party for the acquisition and management of Homekey properties;

WHEREAS, the Authority intends to submit an application for Homekey funding for the acquisition of the 2812 W. Temple Property (alternatively referred to herein as “Property”) in partnership and as co-applicant with the City in response to the 2021 NOFA;

WHEREAS, the Authority now wishes to approve the contingent acquisition of the 2812 W. Temple Property included in the accompanying Board Report on behalf of and in cooperation with the City to provide affordable housing with a concentration on households who have experienced homelessness or who are at risk of homelessness, contingent upon satisfactory completion of due diligence, appraisal which supports purchase price, approval by the City, and the award of funds through Homekey;

WHEREAS, the 2812 W. Temple Property is being appraised by a third-party appraiser and the amount offered by the Authority and accepted by the Seller, of \$18,580,800, must be validated by the findings of such appraisal prepared by Michael Popwell Associates, Inc.;

WHEREAS, the 2812 W. Temple Property is located wholly within the City;

WHEREAS, the Authority, acting on behalf of and in cooperation with the City, executed a Purchase and Sale Agreement for the 2812 W. Temple Property on October 15th, 2021 (the “2812 W. Temple Property Purchase and Sale Agreement”), which is assignable by HACLA to the City or an owner/operator entity formally selected by the City;

WHEREAS, the Authority is currently conducting related due diligence, including engaging third parties to perform investigations of the Property, advanced funding for all due diligence costs estimated at \$35,570, and advanced an escrow deposit of \$100,000, contingent upon, among other items, the approval and authorization of the Board within sixty (60) days of the execution of the 2812 W. Temple Property Purchase and Sale Agreement, and the confirmation

of financing satisfactory to the Authority within ninety (90) days of the execution of the 2812 W. Temple Property Purchase and Sale Agreement;

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 after closing to a qualified owner/operator formally selected by competitive bid by the City to own and operate the Property 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 has determined that the acquisition of the 2812 W. Temple Property is categorically exempt from environmental review under CEQA, under Section 50675.1.4 (Project Homekey Exception) of the California Health and Safety Code, and Sections 15301 (Existing Facilities) and 15326 (Acquisitions of Housing for Housing Assistance Programs) of the California Code of Regulations.

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 the real property located at 2812 W. Temple Street, Los Angeles, California, for an amount not to exceed \$18,580,800, in order to further the City’s response to addressing the housing and homelessness crisis in the City of Los Angeles, and authorizes the execution, by the Authority’s President and CEO, or his/her designee (“Designated Officers, ” as defined below), 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 may be approved by legal counsel in order to effectuate the purchase, escrow closing, operation, and reimbursement of costs related to the 2812 W. Temple Property.

Section 3. That if the Authority’s application is awarded Homekey Program funds, the Designated Officers are authorized and directed to accept such award and to ensure that any funds awarded for capital acquisition and operating expenditures are spent by such dates as are set forth by HCD within the 2021 NOFA, as may be extended by HCD or the State, or within whatever statutory limits are required by the grantor.

Section 4. That if the application for Homekey Program funding is approved, the Designated Officers are 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 the Board acknowledges that any and all activities, expenditures, information, and timelines represented in the Homekey Application will be enforceable through the HCD Standard Agreement(s) and that funds are to be used for the allowable expenditures and activities identified in the applicable HCD Standard Agreement(s).

Section 5. That the Designated Officers are hereby authorized and directed to review such other forthcoming third party investigation reports as have been requested by the City and commissioned by the Authority prior to the expiration of the investigation period set forth 2812 W. Temple Property Purchase and Sale Agreement, and to negotiate any modifications to the purchase price, deposits, or other terms of the 2812 W. Temple Property Purchase and Sale Agreement as may be necessary or reasonable based upon the results of such investigations and with legal counsel review, and to either terminate the 2812 W. Temple Property Purchase and Sale Agreement, to negotiate modifications to the deposits or to purchase one or more options for closing date extensions, or to waive the due diligence contingencies under the 2812 W. Temple Property Purchase and Sale Agreement upon the expiration of the investigation periods under the 2812 W. Temple Property Purchase and Sale Agreement. Any negotiated additional deposit amounts or extension option purchases must be reasonable and have a dedicated source of funding such as grant or loan funding or funding from the City and may not be in excess of 3% of the purchase price. Any negotiated changes to the purchase price must be necessary either to offset the cost of items discovered during the inspection period that will require post-closing work or to cover the cost of modifications requested by HACLA as a result of the inspections that will be undertaken by the Seller prior to closing, must be substantiated by a current Property appraisal amount, and, if a purchase price increase, must not be in excess of 3% of the purchase price.

Section 6. That the Designated Officers are hereby authorized and directed to confirm the approval of an award of capital subsidy for acquisition of the 2812 W. Temple Property from either HCD through Homekey or from the City with such other City funds as the City may identify, prior to the expiration of the financing contingency for the Property, and in the absence of such confirmation is authorized and directed to either negotiate an extension of such financing contingencies as may be necessary to confirm adequate funds for the purchase and reimbursement of costs related to the acquisition of the 2812 W. Temple Property, or to terminate the 2812 W. Temple Property Purchase and Sale Agreement in order to secure the return of any funds deposited by the Authority into escrow.

Section 7. That the Authority may, through the President & CEO or Designated Officers, dispose of the 2812 W. Temple Property to the owner/operator selected by the City of Los Angeles through a competitive bid, for the higher of the appraised amount or an amount equal to the value paid for the Property through Homekey, and may record 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 8. That the acquisition of the 2812 W. Temple Property is categorically exempt from environmental review under CEQA, under Section 50675.1.4 (Project Homekey Exception) of the California Health and Safety Code, and Sections 15301 (Existing Facilities) and 15326 (Acquisitions of Housing for Housing Assistance Programs) of the California Code of Regulations.

Section 8. BE IT FURTHER RESOLVED that the Designated Officers of the Authority referred to above are as follows:

Name	Title
Douglas Guthrie	President and Chief Executive Officer
Marlene Garza	Chief Administrative Officer
Jenny Scanlin	Chief Development Officer
Margarita Lares	Chief Programs Officer

Section 9. 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 18th day of November, 2021.

APPROVED AS TO FORM

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: _____
James Johnson, General Counsel

By: _____
Cielo Castro, Chairperson

DATE ADOPTED: _____

RESOLUTION NO. _____

RESOLUTION APPROVING THE ACQUISITION OF THE FOLLOWING REAL PROPERTY ASSET AT FAIR MARKET VALUE: 1654 W. FLORENCE AVENUE, LOS ANGELES, CALIFORNIA 90047, FOR \$49,500,000 (THE "1654 W. FLORENCE PROPERTY"), IN ANTICIPATION OF THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT'S ("HCD") NOTICE OF FUNDING AVAILABILITY FOR THE HOMEKEY PROGRAM ("HOMEKEY") IN PARTNERSHIP WITH THE CITY OF LOS ANGELES; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL RELATED DOCUMENTS, CERTIFICATES AND AGREEMENTS, INCLUDING THE PURCHASE AND SALE AGREEMENT AND HCD STANDARD AGREEMENTS; MAKING A DETERMINATION THAT THIS ACQUISITION IS EXEMPT FROM ENVIRONMENTAL REVIEW UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH

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's Board of Commissioners ("Board") has adopted by Resolution 9639, on October 22, 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 California ("State") Department of Housing and Community Development ("HCD"), using Federal Coronavirus Relief Funds and State general funds, created the Project Homekey Program ("Homekey") in 2020 to rapidly create deeply affordable housing for individuals and families experiencing or at risk of homelessness, who were disproportionately impacted by the COVID-19 pandemic;

WHEREAS, following successful 2020 Homekey applications, Resolution No. 9710, adopted by the Board on May 27, 2021, authorized HACLA to submit multiple applications on its own behalf and in collaboration with the City of Los Angeles ("City") in response to an anticipated 2021 Notice of Funding Availability for the Project Homekey Program ("2021 NOFA"), to apply for a second round of Homekey grant funds in a total amount not to exceed \$250,000,000, including \$220,000,000 for capital expenditures and \$30,000,000 for capitalized operating subsidy, to

enter into one or more Standard Agreements with HCD, to enter into a Memorandum of Understanding with the City, and to execute any related agreements, documents and contracts;

WHEREAS, the State has adopted a 2021-2022 Budget with additional funding for Homekey, which included funding for a second round of Homekey;

WHEREAS, the HCD has issued the 2021 NOFA and program guidelines for the second round of Homekey in September 2021, with a geographic set aside and bonus provision for applications submitted prior to February 1, 2022;

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 all other legal requirements of the Homekey Program, including the terms, conditions, regulations, and agreements that HCD may adopt through the 2021 NOFA and application for Homekey;

WHEREAS, the Authority and the City are executing a Professional Services Agreement and an Asset Management Agreement, which together set forth the terms and responsibilities of each party for the acquisition and management of Homekey properties ;

WHEREAS, the Authority intends to apply for the identified property in partnership and as co-applicant with the City in response to the upcoming Homekey NOFA;

WHEREAS, the Authority now wishes to contingently approve the acquisition of the 1654 W. Florence Property (alternatively referred to herein as the “Property”), included in the accompanying Board Report on behalf of and in cooperation with the City, to provide affordable housing with a focus on households who have experienced homelessness or who are at risk of homelessness, contingent upon satisfactory completion of due diligence, and approval herein from the City of Los Angeles, clearance of all due diligence, and the award of funds through Homekey;

WHEREAS, the 1654 W. Florence Property was appraised by a third-party appraiser and the amount offered by the Authority and accepted by the Seller, \$49,500,000, is aligned with and validated by the findings of such appraisal dated October 15, 2021 prepared by Valbridge Property Advisors;

WHEREAS, the 1654 W. Florence Property is located wholly within the City of Los Angeles;

WHEREAS, the Authority, acting on behalf of and in cooperation with the City, executed a Purchase and Sale Agreement for the 1654 W. Florence Property on September 28, 2021 (the “1654 W. Florence Property Purchase and Sale Agreement”), which agreement is assignable by HACLA to the City or an owner/operator entity formally selected by the City;

WHEREAS, the Authority conducted related due diligence including engaging third parties to perform investigations of the Property, advanced funding for all due diligence costs estimated at \$50,030, and advanced an escrow deposit of \$150,000, contingent upon, among other items, the approval and authorization of the Board within sixty (60) days of the execution of the 1654 W. Florence Property Purchase and Sale Agreement, and the confirmation of financing satisfactory to the Authority within ninety (90) days of the execution of the 1654 W. Florence Property Purchase and Sale Agreement;

WHEREAS, the Authority, at the direction of the City, intends to assign its rights to the 1654 W. Florence Property in escrow or dispose of the Property through grant deed shortly after closing to a qualified owner/operator formally selected by competitive bid by the City 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 acquisition of the 1654 W. Florence Property is categorically exempt from environmental review under CEQA, Section 50675.1.4 (Project Homekey Exception) of the California Health and Safety Code, and Sections 15301 (Existing Facilities) and 15326 (Acquisitions of Housing for Housing Assistance Programs) of the California Code of Regulations.

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 the real property located at 1654 W. Florence Avenue, within the City of Los Angeles, California, for an amount not to exceed \$49,500,000, in order to further the City’s response to addressing the housing and homelessness crisis in the City of Los Angeles, and authorizes the execution, by the Authority’s President and CEO, or his/her designee (“Designated Officers,” as defined below), 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 may be approved by legal counsel in order to effectuate the purchase, escrow closing, operation, and reimbursement of costs related to the 1654 W. Florence Property.

Section 3. That if the Authority’s application is awarded Homekey funds, the Designated Officers are authorized and directed to accept such award and to ensure that any funds awarded for capital acquisition and operating expenditures are spent by such date as are set forth by HCD

within the 2021 NOFA, unless extended by HCD or the State, or within whatever statutory limits are required by the grantor.

Section 4. That if the application for Homekey funding is approved, the Designated Officers are 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 the Board acknowledges 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 that funds are to be used for the allowable expenditures and activities identified in the applicable HCD Standard Agreement(s).

Section 5. That the Designated Officers are hereby authorized and directed to review such other forthcoming third party investigation reports as have been requested by the City and commissioned by the Authority prior to the expiration of the investigation period set forth for the 1654 W. Florence Property Purchase and Sale Agreement, and to negotiate any modifications to the purchase price, deposits, or other terms of the 1654 W. Florence Property Purchase and Sale Agreement as may be necessary or reasonable based upon the results of such investigations, with legal counsel review, and to either terminate the 1654 W. Florence Property Purchase and Sale Agreement, to negotiate modifications to the deposits or to purchase one or more options for closing date extensions, or to waive the due diligence contingencies under the 1654 W. Florence Property Purchase and Sale Agreement upon the expiration of the investigation periods under the 1654 W. Florence Property Purchase and Sale Agreement. Any negotiated additional deposit amounts or extension option purchases must be reasonable and have a dedicated source of funding such as grant or loan funding or funding from the City and may not be in excess of 3% of the purchase price. Any negotiated changes to the purchase price must be necessary either to offset the cost of items discovered during the inspection period that will require post-closing work or to cover the cost of modifications requested by the Authority as a result of the inspections that will be undertaken by the Seller prior to closing, must be substantiated by a current Property appraisal amount, and, if a purchase price increase, must not be in excess of 3% of the purchase price

Section 6. That the Designated Officers are hereby authorized and directed to confirm the approval of an award of capital subsidy for acquisition of the 1654 W. Florence Property from either HCD through the Homekey Program or from the City with such other City funds as the City may identify, prior to the expiration of the financing contingency for each of the Properties, and in the absence of such confirmation is authorized and directed to either negotiate an extension of such financing contingencies as may be necessary to confirm adequate funds for the purchase and reimbursement of costs related to the acquisition of the 1654 W. Florence Property, or to terminate the 1654 W. Florence Property Purchase and Sale Agreement in order to secure the return of any funds deposited by the Authority into escrow.

Section 7. That the Authority, through the President & CEO or Designated Officers, may dispose of the 1654 W. Florence Property to the owner/operator selected by the City of Los Angeles through competitive bid for an amount equal to the higher of the appraised value or the value paid for the property through Homekey, and may record 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 8. That the acquisition of the 1654 W. Florence Property is categorically exempt from environmental review under CEQA under Section 50675.1.4 (Project Homekey Exception) of the California Health and Safety Code, and Sections 15301 (Existing Facilities) and 15326 (Acquisitions of Housing for Housing Assistance Programs) of the California Code of Regulations.

Section 9. BE IT FURTHER RESOLVED that the Designated Officers of the Authority referred to above are as follows:

Name	Title
Douglas Guthrie	President and Chief Executive Officer
Marlene Garza	Chief Administrative Officer
Jenny Scanlin	Chief Development Officer
Margarita Lares	Chief Programs Officer

Section 9. 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 18th day of November, 2021.

APPROVED AS TO FORM

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: _____
James Johnson, General Counsel

By: _____
Cielo Castro, Chairperson

DATE ADOPTED: _____

ATTACHMENT 2

Summary of Project Costs

ATTACHMENT 2

Summary of Project Costs

City Properties

BOC Meeting: 10/28/2021



Name	Address	Council District	APN	Purchase Price	Purchase Price Per Unit	Escrow Deposits	Rehab Costs/ ADA Retrofit (1)	Third Party Costs (2)	HACLA Admin. Fee (3)	Total Project Costs
2812 W Temple	2812 W Temple	13	5156-016-002	\$ 18,580,800	\$ 442,400	\$ 100,000	\$ 64,000	\$ 35,570	\$ 371,616	\$ 19,051,986
1654 W Florence	1654 W Florence	8	6018-003-034	49,500,000	386,719	150,000	159,000	50,030	990,000	50,699,030
Total				\$ 68,080,800	\$ 400,475	\$ 250,000	\$ 223,000	\$ 85,600	\$ 1,361,616	\$ 69,751,016

Notes

(1) Rehab costs are estimated at \$1,500 per unit for newly constructed multifamily properties to cover limited ADA/accessibility retrofits and other minor modifications, and are inclusive of design and permitting fees.

(2) Estimated costs for title & recording, architectural services, permits, appraisals, zoning/permitting reports, surveys, CEQA/NEPA/NOEs, ESA (Phase I) reports, physical needs assessments, and termite/pest inspections. These costs will be paid by HACLA prior to or at closing and will be reimbursed by the City of Los Angeles.

(3) Projected HACLA administrative fees are calculated as 2% of each property's purchase price to cover HACLA's staffing and overhead costs for administering property acquisitions on behalf of the City.

ATTACHMENT 3

Acquisition Property Summary for 2812 West Temple Street

Acquisition Property Profile: 2812 Temple

BOC Meeting Date

11.18.2021



PROPERTY LOCATION

This property is located at 2812 W Temple Street, Los Angeles, CA 90026 within the Rampart Village neighborhood in Council District 13 (CD 13). According to the 2020 Homeless Count Report, CD 13 reported 3907 individuals in need of shelter. The zip code area currently has a median household income of \$65,269.

PROPERTY DESCRIPTION

2812 Temple Street is a new multifamily property currently completing construction, with a projected completion date in December 2021. The property will have 42 units upon completion.

Assessor's Parcel Number:	5156-016-002
Land Area:	10,400 s.f.
Building Square Footage:	33,250 s.f.
Parking:	42 parking spaces
Amenities:	Rooftop deck, elevator

PROPERTY CONDITION

The property is newly constructed and has had no occupancy prior to acquisition. HACLA is monitoring construction completion and will obtain a full Property Condition Report upon construction completion.

COMMUNITY AMENITIES

Type	Distance	Type	Distance
Pharmacy	0.5 miles	School	0.6 miles
Express Rx Pharmacy 2503 Beverly Blvd		Rosemont Avenue Elementary 421 Rosemont Ave	
Transportation	1.2 miles	Groceries	0.4 miles
Vermont/Beverly Metro Station		Smart & Final 2720 Beverly Blvd	
Health Facility	0.9 miles	Park	1.5 miles
LA Downtown Medical Center 1711 W Temple St		Echo Park 1632 Bellevue Ave	

PROPERTY PICTURES



1) Building Exterior



2) Building Exterior



3) Kitchen



4) Bathroom

UNIT MIX

Unit Type	Number	Average Size
Studio/1BA	19 units	485 sq. ft.
1BR/1BA	23 units	638 sq. ft.

ZONING AND PERMITTING

Zone: C2-1. Zoning & permitting report preparation underway.
 LA City Planning Entitlements: density bonus with 4 units under ELI covenant for 55 years.
 Building Permit received: 9.26.19
 Certificate of Occupancy: projected receipt in December 2021.

ATTACHMENT 4

Acquisition Property Summary for 1654 West Florence Avenue

Acquisition Property Profile: 1654 Florence

BOC Meeting Date

11.18.2021



PROPERTY LOCATION

This property is located at 1654 W. Florence Avenue, Los Angeles, CA 90047. The property is located in Council District 8 (CD 8). According to the 2020 Homeless Count Report CD 8 reported 4,386 individuals in need of shelter. The zip code area currently has a median household income of \$52,605.

PROPERTY DESCRIPTION

1654 W Florence is a new multifamily property currently completing construction, with a projected completion date in December 2021. The property will have 128 units upon completion.

Assessor's Parcel Number:	6018-003-034
Land Area:	30,010.4 s.f.
Building Square Footage:	99,858 s.f.
Parking:	64 parking spaces
Amenities:	two open deck spaces, balconies, onsite laundry rooms, two elevators

PROPERTY CONDITION

The property is newly constructed and has had no occupancy prior to acquisition. HACLA is monitoring construction completion and will obtain a full Property Condition Report upon construction completion.

COMMUNITY AMENITIES

Type	Distance	Type	Distance
Pharmacy	0.2 miles	School	0.6 miles
South Western Pharmacy 7301 S Western		Raymond Avenue Elementary 7511 Raymond Avenue	
Transportation	0.3 miles	Groceries	1.2 miles
Metro Bus Florence & Normandie		Food 4 Less 1820 W Slauson	
Health Facility	0.2 miles	Park	0.7 miles
Florence Western Medical Clinic 7301 S Western		Harvard Park 1535 W 62nd	

PROPERTY PICTURES



1) Building Exterior



2) Kitchen



3) Interior Courtyard



4) Bathroom

UNIT MIX

Unit Type	Number	Average Size
1BR/1BA	128 units	475 sq. ft.

ZONING AND PERMITTING

Zone: C2-1-CPIO. Zoning & permitting report preparation underway.
 LA City Planning Entitlements: density bonus with 13 units under ELI covenant for 55 years.
 Building Permit received: 3.19.20
 Certificate of Occupancy issued: projected receipt in December 2021.