RESOLUTION APPROVING THE ACQUISITION OF THE REAL PROPERTY ASSET 
LOCATED AT 6001 W PICO BLVD AND 1265 STEARNS DRIVE, LOS ANGELES, 
CALIFORNIA 90035, FOR FAIR MARKET VALUE AT A PRICE OF $31,200,000, IN 
RESPONSE TO THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY 
DEVELOPMENT’S (“HCD”) NOTICE OF FUNDING AVAILABILITY FOR THE HOMEKEY 
PROGRAM IN PARTNERSHIP WITH THE CITY OF LOS ANGELES; APPROVING AND 
AUTHORIZING THE EXECUTION AND DELIVERY OF ALL RELATED DOCUMENTS, 
CERTIFICATES AND AGREEMENTS, INCLUDING A 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

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 the multifamily property located at 6001 Pico Boulevard and 1265 Stearns Drive (collectively, the “Property”) 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”). Action is requested at this time in order to allow for HACLA and the City of Los Angeles (“City”) to submit a funding application to HCD as quickly as possible in order to access remaining funds available through Homekey.

This report provides a detailed explanation of the Property, with an acquisition summary attached hereto as Attachment 3. While HACLA has acted as the lead on behalf of the City in entering into a Letter of Intent to purchase the Property, all financing to close escrow on the Property will be provided by the City through its receipt of the grant funding from the Homekey Program and other City funding. HACLA will fund the deposit for the Property and the costs of due diligence inspections, all of which will be reimbursed at escrow closing by the City.

Regarding:
Resolution No. 9792, adopted by the HACLA Board of Commissioners (“BOC” or “Board”) on January 27, 2022, 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 $425,000,000, including $385,000,000 for capital expenditures and $40,000,000 for capitalized operating subsidy; to enter into one or more Standard Agreements with HCD; to enter into a Memorandum of Understanding (Professional Services Agreement) with the City; and to execute any related agreements, documents and contracts.

With the addition of 6001 Pico/1265 Sterns, HACLA, on its own behalf and in collaboration with the City, will have applied for $373,227,715 for capital expenditures and $39,243,850 for capitalized operating subsidy from the 2nd round of the Homekey Program.

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. 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. Geographic allocations were included in this round, with all jurisdictions in Los Angeles County receiving a $358,681,953 set aside. However, access to the set aside was only available until January 31, 2021. All excess geographic allocations have been converted to a Statewide general pool comprised of any unallocated geographic allocations and a discretionary reserve of $237,900,000.

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. 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. HACLA, on behalf of the City, will also pursue the dedication of project-based Section 8 vouchers through a 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 (defined below).

The Board is not being asked to allocate or approve any funding to meet application match requirements or other project related costs the Property. The Property will be owned and operated by a competitively selected third party organization procured by the City. HACLA is being asked to perform and manage the acquisition of the Property 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 to be set forth in the Purchase and Sale Agreement (“PSA”).
The City is responsible for providing all funding necessary to effectuate the escrow closing 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, legal fees, architectural plans, permits, title and recording, survey, pest inspections, accessibility inspections, construction review, and similar investigations) on the City Property, as well as any interim Asset Management services provided by HACLA after the acquisition of the Property.

The Board is being asked to approve the acquisition of the Property (“City Property”), contingent on the application and receipt of Homekey funds, and to authorize the use of HACLA funds in connection therewith in order to allow for the submission of funding applications to HCD. The BOC’s approval of this acquisition is only one of many remaining contingencies that will be incorporated into the PSA. HACLA will have the ability to extend escrow or to terminate the PSA if the other contingencies cannot be reasonably released.

Ownership:

The City is preparing to issue a Request for Proposals (“RFP”) in the first quarter of 2022 to identify qualified owner/operators to operate various properties acquired through the second round of Homekey with City matching funds (the “City Properties”) as permanent housing. The selected owner/operator for the Property 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 the Property to match all Homekey requirements. The Property will serve the public purpose of providing deeply affordable housing to individuals and families and the transfer of the Property to the eventual owner/operator at the 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.

Property:

HACLA has determined that the Property is anticipated to meet the requirements of the upcoming second round of Homekey, based on an analysis of, and self-scoring completed with, the Homekey application. A summary of each Property is provided in the table below. In total, the Property would, upon completion, provide 48 units in the City’s 5th Council District.
The Property is a forty-eight (48) unit new construction, multifamily property consisting of four (4) studio units, twenty (20) one-bedroom units, and twenty-four (24) two-bedroom units. The Property will be delivered fully vacant at closing.

The purchase of the Property is scheduled to close on or around June 30, 2022, with the option to extend to August 30, 2022.

An appraisal for the Property is underway and expected to be delivered before March 15, 2022. Based on preliminary conversations with the appraiser and comparable sales, the staff is confident that the appraisal will support the purchase price of $31,200,000 or $650,000 per unit. If the appraisal does not support the purchase price, HACLA will have the option to terminate the transaction, which it will do unless the City wishes to move ahead and/or renegotiate with the transaction.

HACLA’s underwriting process includes 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 subject Property will score comfortably above the 120-point threshold for funding eligibility.

HACLA will enter into a Letter of Intent (“LOI”) for the Property on February 18, 2022 and is drafting a Purchase and Sale Agreement which includes a contingency requiring that HACLA receive Board approval to purchase the Property, and HCD requires a resolution from the HACLA Board to submit a Homekey application. As the application will be submitted after February 1, 2022, the Property will be competing with projects statewide in an at-large pool of applications. Awards will be made based on project scoring and the discretion of HCD staff.

**Financing:**

HACLA is preparing a Homekey grant application for funding on behalf of the City for the Property. The 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 City funding. The application will be for a total of $13,645,000 (averaging $284,271 per unit) in capital grant funding for the Property. All additional costs of acquisition for the Property will be paid by the City from other funding sources, in accordance with the Professional Services Agreement between the City and HACLA.

HACLA will apply on behalf of the City and its future owner/operators for approximately seventeen (17) Project-Based Section 8 vouchers through the NOFA approved by the Board at the October 28, 2021 meeting. Any Operating Subsidy requirements will be met with funding from the City and a request for Operating Subsidy from HCD through the Homekey Application process. The Property appears to be eligible for a three-year Operating Subsidy from Homekey.

If the Property is not awarded Homekey funds, the City will decide whether to cancel escrow or use other City funds to acquire them. In either case, all funds expended by HACLA on behalf of the City in conducting due diligence activities will be reimbursed to HACLA by the City either at escrow closing or cancellation of escrow.

Additionally, the PSA for the Property will include 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 PSA and obtain a refund of the deposit.

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

- **Purchase price for acquisition of $31,200,000**, to be funded by Homekey funds and City matching funds at escrow closing.

- **Deposits totaling $550,000**, including an initial deposit of $275,000 at the execution of the PSA and an additional deposit of $275,000 at the expiration of the 60-day due diligence period, will be funded by HACLA and will be reimbursed by the City at escrow closing or upon cancellation of escrow. Additionally, upon delivery of a Certificate of Occupancy (“COO”) for the Property to HACLA, portions of the deposit will become nonrefundable and released to the seller on a monthly basis, in the amount of $37,000 for the first month, $70,000 for the second month, and $100,000 for each additional month until the entire deposit has been released to the seller. The deposits will be credited to the purchase price at closing and will otherwise be refundable up until expiration of the Financing Contingency period.
• **Total third-party costs estimated to be approximately $50,520** for appraisals, PNAs, Environmental Phase 1 reports, title & recording, legal, termite and pest inspections, surveys, and zoning and permitting reports. These estimates remain below the amount allowed in the City and HACLA Professional Services Agreement and HACLA will be prepared to pay the final amounts negotiated and billed. All third-party costs will be fully reimbursed by the City.

• **HACLA administrative fees estimated to be approximately $624,000**, based on 2% of the total acquisition price of the Property. The administrative fee covers overhead and staffing costs for HACLA’s administration of acquisition activities for the Property.

*Due Diligence:*

HACLA has engaged third party consultants to conduct a physical needs assessment (“PNA”) to assess the physical condition of the Property, including the expected useful life of the structures, systems, and improvements within each Property. As the Property is new construction, HACLA staff do not anticipate any issues beyond minor accessibility improvements.

A PNA for the Property is not yet available. However, the PSA for the Property will provide the opportunity to complete the PNA as well as other critical due diligence reports. The Property will be required to have a minimum of 11% of units mobility accessible and 4% of units vision/hearing accessible, either at closing or through post-closing modifications. If any significant and immediate capital needs are identified through the PNA, 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.

Additionally, the PSA will require that the seller of the Property deliver to HACLA a COO executed by the Los Angeles Department of Building and Safety (“LADBS”), consistent with the number and bedroom type of the units identified in the PSA, prior to escrow closing. The PSA will also require the respective seller to complete installation of any finishes or fixes that are identified and approved by HACLA and the Sellers during the investigation period.

HACLA has also engaged third party consultants to analyze the zoning and permitting of the City Property and to provide a report indicating any potential zoning, land use, or permitting issues that need to be addressed in order to allow the intended occupancy. The Property is a new multi-family property, and based on the zoning and the permits executed, HACLA does not anticipate any issue with obtaining an appropriate Certificate of Occupancy.
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 second round of the State’s Homekey Program, HACLA has expended and will continue to expend extensive funding 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 $550,000 for deposits and approximately $50,520 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 will be reimbursed to HACLA by the City at escrow closing or by reimbursement post-closing, including any costs incurred for cancelled escrows.

The $31.2 million 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 through its Homekey Program.

Budget and Program Impact: The actions and expenditures related to the acquisition of this Property is generally in line with HACLA’s Acquisition Program and the Authority’s mission and goals. Funds expended for the Property acquisition are anticipated to be repaid in full during escrow or by invoice within forty-five (45) days of closing on the Property, in accordance with the executed Professional Services Agreement between HACLA and the City and all funding for Asset Management costs will be covered in whole by the City in accordance with the Asset Management Agreement between HACLA and the City. HACLA anticipates collection of $624,000 in fees for service in addition to full reimbursement of all out of pocket costs.

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 is categorically exempt from environmental review under the California Environmental Quality Act (“CEQA”), Public Resources Code section 21000 et seq. More specifically, the acquisition of these Properties is categorically exempt under Title 14 of the California Code of Regulations, sections 15301 (Class 1, Existing Facilities), 15326 (Class 26, Acquisitions of Housing for Housing Assistance Programs), and 15332 (Class 32, Infill Development Project).

Additionally, the identified project acquisitions qualify for the statutory exemptions from the requirements of CEQA under Public Resources Code section 21080(b)(4) and Title 14 of the California Code of Regulations, section 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. The project acquisitions are also statutorily exempt from CEQA review under Public Resources Code section 21080.50 as an interim motel housing project. Lastly, the project acquisitions are exempt from CEQA review under Health and Safety Code section 50675.1.4 (acquisition of existing buildings to provide housing for individuals and families who are experiencing homelessness).

If the Board makes a finding that the exemptions apply, Notices of Exemption (“NOE”) for each Project will be filed with the Los Angeles County Registrar-Recorder/County Clerk (“LA RR/CC”) and the Office of Planning and Research, 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: 6001 W. Pico Blvd/1265 Stearns Drive
ATTACHMENT 1

Resolution
RESOLUTION NO.______________

RESOLUTION APPROVING THE ACQUISITION OF THE FOLLOWING REAL PROPERTY ASSET AT FAIR MARKET VALUE: 6001 W. PICO BLVD & 1265 STEARNS DRIVE, LOS ANGELES, CALIFORNIA 90035, FOR $31,200,000 (THE “6001 PICO 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. 9792, adopted by the Board on January 27, 2022, authorized HACLA to submit multiple applications on its own behalf and in collaboration with the City of Los Angeles (“City”) in response to a2021 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 $425,000,000, including $385,000,000 for capital expenditures and $40,000,000 for capitalized operating subsidy, to enter into one or more Standard Agreements with HCD, to enter into a Memorandum of
Understanding (Professional Services Agreement) 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;

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 have executed 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 6001 Pico/1265 Stearns Property (alternatively referred to herein as the “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 Property described 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 Property is being appraised by a third-party appraiser and the amount offered by the Authority and accepted by the Seller, of $31,200,000, must be validated by the findings of such appraisal;

WHEREAS, the Property is located wholly within the City;

WHEREAS, the Authority, acting on behalf of and in cooperation with the City, executed a Letter of Intent for the purchase of the Property on February 16, 2022 and anticipates executing a Purchase and Sale Agreement before February 28, 2022, which will be 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 $50,520, and will advance an escrow deposit of up to $550,000, contingent upon, among other items, the approval and authorization of the Board of the execution of the Property Purchase and Sale Agreement, and the confirmation of financing satisfactory to the Authority within ninety (90) days of the execution of the 6001 Pico Property Purchase and Sale
Agreement, provided that portions of the deposit will become nonrefundable and released to the seller on a monthly basis following the seller’s delivery to HACLA of an executed Certificate of Occupancy for the Property;

WHEREAS, the Authority, at the direction of the City, intends to assign its rights to the Property in escrow or transfer the Property through a 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 6001 Pico 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 6001 W Pico Blvd and 1265 Stearns Drive, Los Angeles, California, for an amount not to exceed $31,200,000, 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 their 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 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 an
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 and that funds are to be used for the allowable expenditures and activities identified in the HCD Standard Agreement.

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 in the Property Purchase and Sale Agreement, and to negotiate any modifications to the purchase price, deposits, or other terms of the 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 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 Property Purchase and Sale Agreement upon the expiration of the investigation periods under the 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 10% 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 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 Property, or to terminate the 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, transfer the 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 President & CEO or Designated Officers is directed to submit an application for seventeen (17) Project Based Vouchers for the Project under the Notice of Funding Availability PBV NOFA HA2022-20, issued January 28, 2022.

Section 9. That the acquisition of the Property is categorically exempt from environmental review under CEQA (Public Resources Code section 21000 et seq.,) Sections 15301 (Existing Facilities), 15326 (Acquisitions of Housing for Housing Assistance Programs) of the California Code of Regulations and 15332 (Class 32, Infill Development Project); and statutorily exempt from CEQA Public Resources Code Section 21080(b)(4) and Title 14 of the California Code of Regulations, Section 15269(c); and the 6001 Pico Property is also statutorily exempt from CEQA review under Public Resources Code section 21080.50 as an interim motel housing project and, under Health and Safety Code Section 50675.1.4 (acquisition of existing buildings to provide housing for individuals and families who are experiencing homelessness).

Section 10. BE IT FURTHER RESOLVED that the Designated Officers of the Authority referred to above are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Douglas Guthrie</td>
<td>President and Chief Executive Officer</td>
</tr>
<tr>
<td>Marlene Garza</td>
<td>Chief Administrative Officer</td>
</tr>
<tr>
<td>Jenny Scanlin</td>
<td>Chief Development Officer</td>
</tr>
<tr>
<td>Margarita Lares</td>
<td>Chief Programs Officer</td>
</tr>
</tbody>
</table>

Section 11. 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 24th day of February, 2022.

APPROVED AS TO FORM
HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: __________________________     By: __________________________
James Johnson, General Counsel    Cielo Castro, Chairperson

DATE ADOPTED: ______________________
ATTACHMENT 2

Summary of Project Costs
## ATTACHMENT 2

### Summary of Project Costs

**City Properties**

**BOC Meeting: 2/24/2022**

<table>
<thead>
<tr>
<th>Name</th>
<th>Council District</th>
<th>APN</th>
<th>Purchase Price</th>
<th>Purchase Price Per Unit</th>
<th>Escrow Deposits</th>
<th>Rehab Costs/ADA Retrofit (1)</th>
<th>Third Party Costs (2)</th>
<th>HACLA Admin. Fee (3)</th>
<th>TOTAL 3rd Party Costs/Admin. Fees</th>
<th>Total Project Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>6001 Pico</td>
<td>5</td>
<td>5087-016-013;</td>
<td>$31,200,000</td>
<td>$650,000</td>
<td>$550,000</td>
<td>$145,064</td>
<td>$128,520</td>
<td>$624,000</td>
<td>$752,520</td>
<td>$32,097,584</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$31,200,000</strong></td>
<td><strong>$650,000</strong></td>
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<td><strong>$128,520</strong></td>
<td><strong>$624,000</strong></td>
<td><strong>$752,520</strong></td>
<td><strong>$32,097,584</strong></td>
</tr>
</tbody>
</table>

**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 inspection. 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 6001 Pico Avenue
**Acquisition Property Profile: 6001 W. Pico**

**BOC Meeting Date**

2.24.2022

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**PROPERTY LOCATION**

This property is located at 6001 W Pico Blvd, Los Angeles, CA 90035 in the Van Nuys neighborhood. The property is located in Council District 5 (CD 5). According to the 2020 Homeless Count Report CD5 reported 3,308 individuals in need of shelter. The zip code area currently has an average median income of $47,037.

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**PROPERTY DESCRIPTION**

6001 W. Pico Blvd is a new multifamily property currently completing construction, with a projected completion date in April 2022. The property will have 48 units upon completion.

- Assessor’s Parcel Number: 5087-016-013; 5087-016-035
- Land Area: 10,008 s.f.
- Building Square Footage: 48,000 s.f.
- Parking: 76 spaces
- Amenities: Elevator, lobby, rooftop deck, 1,400 sf commercial space

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**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.

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**COMMUNITY AMENITIES**

<table>
<thead>
<tr>
<th>Type</th>
<th>Distance</th>
<th>Type</th>
<th>Distance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Library</td>
<td>0.9 miles</td>
<td>School</td>
<td>0.5 miles</td>
</tr>
<tr>
<td>Margaret Herrick Library</td>
<td></td>
<td>Crescent Heights Blvd Elementary</td>
<td></td>
</tr>
<tr>
<td>333 S. La Cienega Blvd</td>
<td></td>
<td>1661 S. Crescent Heights Blvd</td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td>0.1 miles</td>
<td>Groceries</td>
<td>0.4 miles</td>
</tr>
<tr>
<td>Metro Bus</td>
<td></td>
<td>Vons</td>
<td></td>
</tr>
<tr>
<td>Pico &amp; Crescent Heights</td>
<td></td>
<td>1430 S. Farifax Ave</td>
<td></td>
</tr>
<tr>
<td>Health Facility</td>
<td>0.2 miles</td>
<td>Park</td>
<td>0.8 miles</td>
</tr>
<tr>
<td>Pico Women’s Medical Group</td>
<td></td>
<td>La Cienega Park</td>
<td></td>
</tr>
<tr>
<td>6091 W. Pico Blvd</td>
<td></td>
<td>8511 W.</td>
<td></td>
</tr>
</tbody>
</table>

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**PROPERTY PICTURES**

1) Building Exterior
2) Kitchen
3) Living Room
4) Parking Garage

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**UNIT MIX**

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Number</th>
<th>Average Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>4 units</td>
<td>589 sf</td>
</tr>
<tr>
<td>1BR/1BA</td>
<td>24 units</td>
<td>704 sf</td>
</tr>
<tr>
<td>2BR/2BA</td>
<td>20 units</td>
<td>1,077 sf</td>
</tr>
</tbody>
</table>

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**ZONING AND PERMITTING**