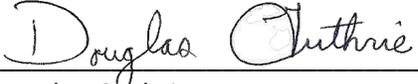


RESOLUTION APPROVING THE ACQUISITION OF THE FOLLOWING REAL PROPERTY ASSET AT FAIR MARKET VALUE: 740 S. ALVARADO STREET FOR \$30,750,000, IN RESPONSE TO THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT'S ("HCD") NOTICE OF FUNDING AVAILABILITY FOR THE HOMEKEY PROGRAM; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL RELATED DOCUMENTS, CERTIFICATES AND AGREEMENTS, ANY APPLICABLE PURCHASE AGREEMENT, AND AN HCD STANDARD AGREEMENT; 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"), through a HACLA instrumentality, to enter into a partnership and purchase a multifamily property with commercial space (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"). Actions are required to be taken at this time in order to meet the closing deadline under the amended Purchase and Sale Agreement for the Property.

This report provides a detailed explanation of the Property, with a property acquisition summary attached hereto as **Attachment 3**. All financing to close escrow on the Property will be provided by the HACLA line of credit ("LOC") and a seller carry-back note, to be taken out by grant funding from an anticipated Homekey award.

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.

Resolution No. 9745, adopted by the Board on September 23, 2021 authorized and approved the establishment of a revolving line of credit with City National Bank not to exceed \$100,000,000 (the “HACLA LOC”). The Board has approved the use of the revolving line of credit for capital expenditures through the Homekey program, as well as other partnerships with a reasonable likelihood of access to grant funds and other unencumbered assets to repay revolving commitments, including repayment via take-out financing in the form of long-term debt obligations. The HACLA LOC is secured by a general obligation pledge on HACLA’s assets. HACLA closed on the LOC in December of 2021.

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, 2022. 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 and HACLA expect to pursue the use of project-based Section 8 vouchers through the upcoming HACLA Notices of Funding Availability (the "PBV NOFA") for Homekey, marketing to emergency and tenant-based Section 8 voucher holders, developing capitalized operating reserves, and other means of providing for longer-term operating support for both the City and HACLA Properties.

The Board is being asked to approve the acquisition of 740 S. Alvarado, through a partnership between a limited liability company set up by HACLA's instrumentality, La Cienega LOMOD, Inc. ("LOMOD"), with PATH Ventures, Inc. ("PATH"), and to authorize the use of HACLA matching funds in connection therewith in order to allow for the submission of funding applications to HCD.

HACLA will be responsible for financing the purchase of the 740 S. Alvarado property, which includes upfront costs incurred in conducting due diligence (appraisals, Physical Needs Assessments, Phase I Environmental Site Assessments, Phase II Environmental Assessments, title and recording, survey, pest inspections, and similar investigations) on the Property, as well as escrow deposits, the

purchase price, and any funds necessary to ready the property for occupancy under Homekey guidelines.

Ownership:

PATH Ventures negotiated and entered into a Purchase and Sale Agreement with the owner of 740 S. Alvarado in May 2021. As a new construction, vacant property in a central location of the City, HACLA staff had identified 740 S. Alvarado as a potential Project Homekey candidate and was separately pursuing purchase of the site. HACLA staff and PATH Ventures reached agreement to enter into a limited partnership to ultimately purchase, own and operate the site as permanent housing under Project Homekey. HACLA, through a limited liability company known as Westlake MacArthur Park Apartments, LLC, with the sole member being La Cienega LOMOD, Inc., will enter into a newly formed limited partnership, 740 South Alvarado Partners, LP (the "Partnership") with Alvarado Villas, LLC, a to be formed limited liability company established by PATH Ventures. The PATH Ventures Purchase and Sale Agreement will be assigned to the new Partnership. Ownership by LOMOD in the Partnership, rather than HACLA, will serve to protect the Authority from potential claims arising from the routine course of property operations and administration.

The Purchase and Sale Agreement will be amended in January of 2022 to reflect the terms set forth herein, and allow for assignment to 740 South Alvarado Partners, LP for the purpose of purchasing the Property.

Westlake MacArthur Park Apartments, LLC will be the Managing General Partner of 740 South Alvarado Partners, LP and will have an 80% interest in ownership and all cash flow and a 70% interest in developer fees. Westlake MacArthur Park Apartments, LLC will be responsible for overall property management and asset management duties and will receive an annual fee for these services. LOMOD will be the sole guarantor of any short-term or permanent debt on the property outside of the Line of Credit and as the sole member of Westlake MacArthur Park Apartments, LLC is responsible for sourcing the financing for all acquisition, reserves and rehabilitation costs, as necessary. PATH Ventures through Alvarado Villas, LLC will act as the Administrative General Partner and provide assistance with various day-to-day operations as well as oversee the provision of on-site services through PATH. Alvarado Villas, LLC will have a 19% interest in ownership and cashflow and a 30% interest in developer fees. The Partnership will also include PATH Ventures as the Limited Partner with 1% interest in ownership and cashflow. The Partnership intends a long-term ownership of the site and a fifty-five year covenant will be recorded by HACLA ensuring compliance with Project Homekey requirements and the standard agreements of HCD.

The Property will be put into HACLA's Asset Management portfolio, and HACLA will use its existing contracts with third party management companies to initiate

on-site management. The Property will be targeted to a mix of persons experiencing homelessness and persons who are at-risk of homelessness.

Property:

HACLA has determined that the Property will meet the requirements of the upcoming second round of Homekey, based on an analysis of, and self-scoring completed with, the Homekey application provided by HCD. A summary is provided in the table below.

Name	Council District	APN	Purchase Price	Purchase Price Per Unit	Appraised Value	Number of Units
740 S. Alvarado	1	5141-019-007	\$ 30,750,000	\$ 384,375	TBD	80
Total			\$ 30,750,000	\$ 384,375	TBD	80

740 S. Alvarado is an eighty (80) unit new construction, multifamily property consisting of forty-one (41) studio units, thirty-three (33) one-bedroom units, and six (6) two-bedroom units. The Property also includes 3,187 square feet of ground level commercial space, which may be used for resident services or other uses. The Property will be delivered fully vacant at closing, after obtaining a Temporary Certificate of Occupancy from the City of Los Angeles. Closing on the acquisition of the Property (the “Closing”) will occur on January 21, 2022.

An appraisal for the Property is underway and expected to be delivered prior to Closing. Based on preliminary conversations with the appraiser, comparable sales, and appraisals for similar properties that HACLA has obtained for Homekey Round 2 properties, HACLA staff are confident the 740 S. Alvarado Property appraisal will validate the purchase price for the Property of \$30,750,000.

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 Property scores comfortably above the 120-point threshold for funding eligibility. The Property is unable to secure Impact and Site Selection points for the following criteria: capital match does not exceed minimum required; and, proximity to amenities. Additionally, the Property is unable to secure Impact and Site Selection points for the following: minimum of 15% of units mobility accessible (11%); minimum of 10% of units sensory accessible (4%); at least 25% or more of Assisted Units in the project shall be two-bedroom or larger units, consistent with TCAC Regulations.

	Timeliness and Leverage	Experience	Equity and Engagement	Impact and Site Selection	Negative Points	Total (min 120)
Maximum Points	40	55	20	92	-20	207
740 S. Alvarado	39	54	20	60	0	173

Financing:

HACLA is preparing a Homekey grant application for funding 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 HACLA funding and a bonus award of \$10,000 per unit due to the applications being submitted prior to February 1st, 2022. The Homekey application for the Property will request \$20.9 million (\$261,250 per unit) in capital grant funding.

HACLA’s matching funds for the Homekey program, projected to be approximately \$13.7 million, will come from a draw on the HACLA LOC and also the use of a small portion of non-federal funding from the rent subsidy portfolio, provided to support the Authority’s Acquisition Program. The funding from the HACLA LOC will be taken out following closing with permanent debt raised from the sale of conventional notes or the issuance of tax-exempt bonds. The local match funding amount has been sized assuming an allocation of Project-Based Section 8 voucher rental subsidies, operating expenses based on portfolio data and property characteristics, and conventional loan underwriting terms based on discussions with lenders. HACLA has applied for Project-Based Section 8 vouchers to cover all of the units at the Property (less the manager unit) through the NOFA approved by the Board at the October 28, 2021 meeting. HACLA may also apply for operating subsidy from Homekey.

In this unique circumstance, the Property must be acquired prior to the award of Homekey Funds. As a result, staff recommends utilizing a larger portion of the Line of Credit (up to \$17,000,000) and allowing the Seller to hold a carryback note on the property for \$15 million at 0% interest, due and payable on April 15, 2022. Based on discussions with HCD, staff are confident the Property is well-qualified for Homekey and the application would receive notification and award before April 15, 2022. The Homekey funds will be used to take out the Seller carryback note, pay the Developer Fee and pay down a portion of the Line of Credit. The Authority risk of not receiving Homekey Funding in time will be mitigated by maintaining a cushion in the Line of Credit available and drawing upon it as reasonably necessary.

The anticipated project costs for the Property are included in **Attachment 2** of this Board report. A summary of project costs are presented below:

- **Total purchase price for acquisition of \$30,750,000**, to be funded at escrow closing as follows:
 - \$15,000,000 in cash to seller to be drawn from the HACLA LOC;
 - a seller carryback loan in the amount of \$15,000,000, with a maturity of April 15th, 2022, accruing interest at a rate of 0% per annum. An origination fee of \$100,000 will be paid to the Seller at Closing for the Seller Carryback Loan if the Seller is also able to provide a Temporary Certificate of Occupancy at closing;
- **Deposits totaling \$750,000 which** have been funded by the AGP will be replaced by a split deposit from HACLA through Westlake MacArthur Park Apartments, LLC for 80% of the cost (\$600,000) and released to the seller at closing with a commensurate credit to the purchase price.
- **Payments to the seller at closing** in the amounts of: 1) \$400,000 for rent consideration from the time of construction completion to the closing, and 2.) \$250,000 to provide for certain improvements to deliver the Property in rent ready condition at closing if the improvements are completed to HACLA's satisfaction after inspection.
- **Estimated rehabilitation costs of approximately \$151,658** for minor life/safety repairs prior to occupancy and ADA compliance to be funded by HACLA.
- Westlake MacArthur Park Apartments, LLC's **portion (80%) of total third-party costs estimated to be approximately \$480,000** for appraisals, PNAs, Environmental Site Assessment reports, title & recording, architectural and permitting costs, termite and pest inspections, surveys, legal, insurance, and zoning and permitting reports.
- **Funding for Lease Up Period estimated to be \$1,013,100** for purchase of furniture (\$360,000), architecture and engineering work (\$15,600), lease up costs (\$197,500) covering management, security and general operations until fully leased as well as operating and capital reserves (\$440,000)
- **Development management fee of approximately \$1.2 to 1.5 million**, of which Westlake MacArthur Park Apartments, LLC will receive 70% for administration of acquisition activities for the Property, including identifying and vetting the Property, 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.

Due Diligence:

PATH Ventures engaged third-party consultants to conduct a physical needs assessment as well as environmental review, geotech and title review. These reports have been provided to HACLA and are used as the basis of staff's due diligence on the Property.

Because the Property is newly constructed, HACLA does not anticipate that any capital needs, other than accessibility modifications, will be required upon closing. If any additional significant and immediate capital needs are identified outside of the funds proposed to address ADA and path of travel issues above, the Partnership will provide funding through cashflow to complete the improvements or LOMOD may choose to lend funding to the Partnership for such improvements in accordance with the Limited Partnership Agreement.

Based on the zoning of the Property and the permits executed for each Property by LADBS for the construction of multiple-family housing and commercial space, and because the Seller is expected to deliver to the Property Partnership a valid Temporary Certificate of Occupancy within a week of closing, HACLA staff does not anticipate that any land use actions will be required in order to occupy the Property for its intended use as multi-family housing.

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

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 approximately \$1,050,000 in all predevelopment, insurance, lease up, and 3rd party due diligence costs may be advanced with unrestricted and

uncommitted non-federal proceeds from HACLA's acquisition fund. These funds will be considered an obligation of the Property and will be repaid over time through available cashflow or developer fee.

The \$30.75 million for acquisition funding, \$750,000 in fees to the ownership, and approximately \$2.0 million in fees and costs associated with closing, construction, and development needed at or post close of escrow for the 740 S. Alvarado Property will be funded by the HACLA LOC, Homekey funds from the State of California, funds from PATH Ventures and the Seller Carryback Loan initially.

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 Budget for FY 2022; and the Authority's mission and goals.

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. Acquisition Property Summary

ATTACHMENT 1

Resolution

RESOLUTION NO. _____

RESOLUTION APPROVING THE ACQUISITION OF THE FOLLOWING REAL PROPERTY ASSET AT FAIR MARKET VALUE: 740 S. ALVARADO STREET, LOS ANGELES, CALIFORNIA 90057, FOR \$30,750,000 (THE "740 S. ALVARADO PROPERTY"), IN RESPONSE TO THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT'S ("HCD") NOTICE OF FUNDING AVAILABILITY FOR THE HOMEKEY PROGRAM ("HOMEKEY"); APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL RELATED DOCUMENTS, CERTIFICATES AND AGREEMENTS, ANY APPLICABLE PURCHASE AGREEMENT, AND AN 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" or "HACLA") is a public body, corporate and politic, duly created, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Housing Authorities Law, consisting of Part 2 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, HCD has issued a Notice of Funding Availability, dated September 9, 2021 (“NOFA”), for the Homekey Program (“Homekey” or “Program”) for grant funds pursuant to Health and Safety Code section 50675.1.3 (Assembly Bill No. 140 (2021-2022 Reg. Sess.), § 20.);

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 expected NOFA and application for Homekey;

WHEREAS, the Authority intends to submit an application for funding to acquire and operate the 740 S. Alvarado Property in response to the Homekey NOFA;

WHEREAS, the Board has adopted Resolution No. 9745, on September 23, 2021, authorizing the establishment of a revolving line of credit with City National Bank not to exceed the amount of \$100,000,000 for use in the Homekey program, as well as other partnerships;

WHEREAS, the Authority now wishes to approve the acquisition of the 740 S. Alvarado Property, through Westlake MacArthur Park Apartments, LLC a limited liability company established by La Cienega LOMOD, Inc., described in the accompanying Board Report 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, and awarding of funds through Homekey;

WHEREAS, the 740 S. Alvarado Property is being appraised by a third-party appraiser and the purchase price of \$30,750,000, is expected to be validated by the findings of such appraisal prepared by Valbridge Property Advisors, to be completed on or around January 17, 2022;

WHEREAS, the 740 S. Alvarado Property is located wholly within the City of Los Angeles;

WHEREAS, PATH Ventures, Inc. (“PATH”) entered into a Purchase and Sale Agreement for the 740 S. Alvarado Property in May of 2021 (the “740 S. Alvarado Property Purchase and Sale Agreement”), which provided PATH with the ability to assign the 740 S. Alvarado Purchase and Sale Agreement to an entity in which PATH has an ownership interest;

WHEREAS, PATH subsequently approached HACLA and expressed an interest in forming a partnership with HACLA to acquire and operate 740 S. Alvarado through a property partnership;

WHEREAS, the Authority will own and operate the Property through a single purpose limited liability company established by HACLA's wholly-owned instrumentality, La Cienega LOMOD, Inc., pursuant to a limited partnership agreement with PATH Ventures; and

WHEREAS, in review of the California Environmental Quality Act (Public Resources Code Sections 21000 et seq., "CEQA") 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 740 S. Alvarado Property is categorically exempt under 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: i) the acquisition of the real property located at 740 S. Alvarado Street, Los Angeles, California, for the benefit of a partnership in which Westlake MacArthur Park Apartments, LLC, with its sole member being La Cienega LOMOD, Inc., HACLA instrumentality, has an ownership interest of eighty percent (80%) (the "Property Partnership"), for an amount not to exceed \$30,750,000, in order to further the City's response to addressing the housing and homelessness crisis in the City of Los Angeles, with a portion of the purchase price in the amount of \$15,000,000 to be paid to the seller in cash at closing; ii) payment by the Property Partnership at closing to the seller the amounts of \$400,000 for rent consideration and \$250,000 to provide for certain improvements to allow for the Property to be delivered at closing in rent ready condition; iii) by and through the Property Partnership, entering into a seller carryback loan in the amount of \$15,000,000, with a maturity date of April 15th, 2022, accruing interest at a rate of 0% per annum, with the loan amount guaranteed by La Cienega LOMOD, and with an origination fee of \$100,000 paid in cash to the seller at or shortly after closing (the "Seller Carryback Loan") contingent on receipt of a Temporary Certificate of Occupancy; iv) providing to the escrow holder deposits for the purchase of the Property in the amount of \$600,000, with such deposits to be credited toward the purchase price and released to the seller at closing and the balance of \$150,000 paid by the Administrative General Partner or Limited Partner of 740 South Alvarado Partners, LP; v) payment of approximately \$1,000,000 for closing and escrow costs, predevelopment and lease up costs, legal, insurance and due diligence; vi) utilization of up to \$17,000,000 of the Line of Credit to acquire and conduct minor rehabilitation on the Property; and vii) authorizing 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 740 S. Alvarado Property.

Section 3. 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 expenditures are spent by such date as may be set forth by HCD within the 2021 NOFA or program guidelines for the Homekey Program, unless extended by HCD or the State, and that any funds awarded for capitalized operating subsidies are spent by such date as may be set forth by HCD or the State through the expected 2021 NOFA or program guidelines for the Homekey Program, unless extended by HCD or the State or within whatever statutory limits are required by the grantor.

Section 4. 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. If the Authority is awarded Homekey Program funds for the 740 S. Alvarado Property, the Designated Officers are hereby authorized and directed to expend HACLA funds, including interim financing drawn from the HACLA line of credit, as authorized by Resolution No. 9745.

Section 6. The Designated Officers are hereby authorized and directed to confirm the approval of an award of capital subsidy for acquisition of the 740 S. Alvarado Property and Operating Subsidy from HCD through Homekey.

Section 8. That the acquisition of the 740 S. Alvarado is categorically exempt from environmental review under CEQA under Sections 15301 (Existing Facilities) and 15326 (Acquisitions of Housing for Housing Assistance Programs) of the California Code of Regulations.

Section 9. That the submission by the Designated Officers of a response for the 740 S. Alvarado Property to the NOFA for Project-Based Section 8 Vouchers in November of 2021 to cover the residential units to be occupied by the targeted population as defined in the 740 S. Alvarado Homekey application, is hereby authorized and approved, and that the Designated Officers are further authorized and directed to accept the award of any such Project Based Section 8 Vouchers and execute any such documents and certificates as may be necessary in connection therewith.

Section 10. 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 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 11th day of January, 2022.

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



BOC Meeting: 1/11/22

Name	Address	Council District	APN	Purchase Price		Appraised Value	Number of Units	Escrow Closing	Rehab Costs/ Furniture (1)	Third Party Costs (2)	Development Management Fee (3)	TOTAL 3rd Party		Total Project Costs
				Purchase Price	Per Unit							Costs/ Admin. Fees	Fees to Seller at Closing (4)	
740 S. Alvarado	740 S. Alvarado	1	5141-019-007	\$ 30,750,000	\$ 384,375	TBD	80	\$ 252,875	\$ 520,258	\$ 402,008	\$ 1,500,000	\$ 1,902,008	\$ 750,000	\$ 34,615,141
Total				\$ 30,750,000	\$ 384,375	TBD	80	\$ 252,875	\$ 520,258	\$ 402,008	\$ 1,500,000	\$ 1,902,008	\$ 750,000	\$ 34,615,141

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) Fee to 740 South Alvarado Partners, LP, split 70% to MGP and 30% to AGP.
- (4) Fees are \$400,000 rent fee during escrow, \$250,000 for repairs to damage to deliver property in rent ready condition, and \$100,000 seller carryback origination fee conditioned upon delivery of TCO at Closing.

ATTACHMENT 3

Acquisition Property Summary for 740 S. Alvarado Street

Acquisition Property Profile: 740 Alvarado

BOC Meeting Date

1.11.21



PROPERTY LOCATION

This property is located at 740 S. Alvarado St, Los Angeles, CA 90057 in the Westlake neighborhood. The property is located in Council District 1 (CD 1). According to the 2020 Homeless Count Report CD1 reported 2,374 individuals in need of shelter. The zip code area currently has a median household income of \$37,700.

PROPERTY DESCRIPTION

740 S. Alvarado is a new construction 80-unit multifamily property completed in Fall 2021. The property includes one structure with a height of six stories that was constructed using a modular approach.

Assessor's Parcel Number:	5141-019-007
Land Area:	16,553 sf
Building Square Footage:	41,098 sf
Parking:	4 Parking Spaces
Amenities:	3,187 sf first floor comm. space; interior courtyard; roof deck

PROPERTY CONDITION

The property is newly constructed and has had no occupancy prior to acquisition. Property is located in a Tier 4 Transit Oriented Communities district.

COMMUNITY AMENITIES

Type	Distance	Type	Distance
Pharmacy	0.5 miles	School	0.4 miles
Rite Aid Pharmacy 1744 W 6th Street		Esperanza Elementary 680 Little Street	
Transportation	0.2 miles	Groceries	0.5 miles
Metro Purple Line Westlake/MacArthur Park		Northgate Market 2323 W Olympic Blvd	
Health Facility	0.2 miles	Park	1.0 miles
Los Angeles Medical Center 679 S Western		MacArthur Park 2230 W 6th Street	

PROPERTY PICTURES



1) Building exterior



2) Interior courtyard



3) Unit interior



4) Unit kitchen

UNIT MIX

Unit Type	Number	Average Size
Studio	42 units	
1BR	33 units	
2BR	5 units	

ZONING AND PERMITTING

Zone: C2-1. Zoning & permitting report preparation underway.	
LA City Planning Entitlements:	11/1/2019
Building Permit received:	1/19/2020
Certificate of Occupancy issued:	Pending