

**RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR THEIR DESIGNEE, TO ENTER INTO ONE OR MORE LOANS AND RELATED DOCUMENTS WITH THE CITY OF LOS ANGELES FOR UP TO \$18,100,000 FOR THE ACQUISITION OF THE REAL PROPERTY ASSET AT 7639 VAN NUYS BOULEVARD, LOS ANGELES, CALIFORNIA 91405, AND UP TO \$49,750,000 FOR THE ACQUISITION OF THE REAL PROPERTY ASSET AT 1654 W. FLORENCE AVENUE, LOS ANGELES, CALIFORNIA, 90047; AND TO UNDERTAKE VARIOUS ACTIONS IN CONNECTION THEREWITH**

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Douglas Guthrie  
President & Chief Executive Officer

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Geoffrey Moen  
Director of Development

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**Purpose:** The Board of Commissioners (“Board” or “BOC”) authorized the purchase of 7639 Van Nuys Boulevard, Los Angeles, CA (the “Van Nuys Property”) and t1654 W. Florence Avenue, Los Angeles, CA (the “Florence Property,” and together with the Van Nuys Property, the “Properties” or the “Projects”) as part of the City of Los Angeles’ (“City”) Homekey 2.0 portfolio. The Properties are to be purchased and held by HACLA on a temporary basis until the City selects third-party owner/operators for each property, at which time HACLA will transfer title to the Properties.

At the times of the BOC’s prior actions, it was contemplated that the Homekey capital funding and the City’s Local Match would be contributed as equity into escrow at the closings for each Property and a regulatory agreement would be recorded at closing. However, in March of 2022, the Los Angeles City Council approved the disbursement of the City’s Local Match as temporary loans to HACLA to be assigned to the future Owner/Operators upon transfer. T The proposed resolutions are required at this time because the BOC’s prior actions did not provide authorization for the funds for acquisition to be accepted as loans by HACLA, and because both properties are scheduled to close prior to the BOC’s next regularly scheduled meeting. HACLA is working with the City to ensure that loans are not needed for future Homekey Round 2 purchases on behalf of the City.

*Regarding:*

Resolution No. 9731, adopted by the BOC on August 26, 2021, authorized HACLA to acquire the Van Nuys Property in partnership with the City through Homekey, and to execute related documents, including an HCD Standard Agreement, and found that the acquisition would be exempt from the California Environmental Quality Act (“CEQA”).

Resolution No. 9765, adopted by the BOC on November 18, 2021, authorized HACLA to acquire Florence Property in partnership with the City through Homekey, and to execute related documents, including an HCD Standard Agreement, and found that the acquisition would be exempt from the California Environmental Quality Act (“CEQA”).

**Issues:**

*Ownership:* Under the terms of the Professional Services Agreement executed between HACLA and the City (the “HACLA-City PSA”) and the Asset Management Agreement attached thereto (the “Asset Management Agreement”) for the acquisition of Round 2 Homekey properties, HACLA agreed take title to the Properties on behalf of the City for an interim period not to exceed sixty (60) days, with one mutual option to extend for ninety (90) days. During this time, HACLA will provide asset management services, including but not limited to insurance, security, compliance with laws and necessary contract services.

The City is preparing to release a Request for Proposals (“RFP”) for owner/operators for the Properties. At the City’s request, HACLA will transfer the Properties to the owner/operators selected by the City through the RFP within one hundred fifty (150) days of HACLA’s acquisition of the Properties.

*Florence Property*

The Florence Property is a newly constructed, five-story multifamily structure with a total of one hundred twenty-eight (128) one-bedroom dwelling units, sixty-four (64) structured parking spaces, two open deck spaces, balconies, on-site laundry rooms, and two elevators.

HACLA entered into a Purchase and Sale Agreement (“Florence PSA”) with the owner of the Florence Property on September 28, 2021 for a price of \$49,500,000 (\$386,719 per unit). HACLA provided a notice of approval to the seller on November 23, 2021, and subsequently exercised its option to extend the close of escrow to March 30, 2022. HACLA has negotiated a one-week extension to the close of escrow in order to accommodate the City’s requirement for loan documents to be executed and to prepare their Local Match for deposit. The

escrow extension comes with a \$32,400 fee which will be front-funded by HACLA and repaid to HACLA by the City under the terms of the Professional Services Agreement. The following is a chart of key activities related to the property since the BOC's last action:

Inspection/Report	Date completed	Result
Phase I Environmental Site Assessment	11/17/2021	No further assessment or investigation recommended
ALTA Survey	12/16/2021	Consistent with title and free from objectionable encroachments
Physical Needs Assessment	1/11/2022	New construction in good condition; no immediate repairs recommended; 12-year replacement reserves deposits estimated at \$142/unit/year
Construction Monitoring	1/20/2022	Construction punch list items identified and subsequently addressed
Termite & Pest	11/29/2021	None detected
Zoning & Permitting	1/11/2022	Legally conforming as to zoning; no open violations as to building and permitting; COC issued 3/10/22.
Certified Accessibility Specialist ("CASp")	3/23/2022	Garage to lobby door strike clearance to be increased; secondary viewers to be installed on mobility unit doors; eight additional mobility units are required, and building is 100% adaptable; otherwise in compliance with accessibility requirements
Appraisal	10/15/2021	Fair market value of \$49,670,000 as completed exceeds purchase price; \$50,115,000 as stabilized

*Van Nuys Property:*

The Van Nuys Property is a newly constructed, five-story multifamily structure with a total of thirty-six (36) dwelling units and fifty-two (52) structured parking spaces.

HACLA entered into a Purchase and Sale Agreement (“Van Nuys PSA”) with the owner of the Van Nuys Property on July 30, 2021 for a price of \$16,600,000 (\$461,111 per unit). HACLA provided a notice of approval to the seller of physical condition and the Natural Hazard Disclosure report on September 27, 2021, and a notice of approval of environmental conditions on October 22, 2021. HACLA exercised two options to extend closing, on November 30, 2021 and January 13, 2022, and subsequently executed an amendment to the Van Nuys PSA, at the request of the City, to extend the closing date to March 31, 2022. HACLA has negotiated a 10-day extension to the close of escrow in order to accommodate the City’s requirement for HACLA to enter into loan documents and prepare their Local Match deposit to escrow. The escrow extension comes with a \$500,000 fee which will be front-funded by HACLA and repaid to HACLA by the City under the terms of the Professional Services Agreement. The following is a chart of key activities related to the property since the BOC’s last action:

Inspection/Report	Date completed	Result
Phase I Environmental Site Assessment	8/27/2021	Recognized environmental conditions based on adjacent automotive repair facility uses and former onsite automotive repair; subsurface investigation recommended
Phase II Environmental Site Assessment	10/1/2021	No constituents reported above laboratory reporting limits; no additional assessment recommended
ALTA Survey	8/26/2021	Consistent with title and free from objectionable encroachments
Physical Needs Assessment	9/3/2021	New construction in good condition; no immediate repairs recommended; 12-year replacement reserves deposits estimated at \$255/unit/year
Construction Monitoring	2/2/2022	Construction punch list items identified and subsequently addressed
Termite & Pest	8/19/2021	None detected
Certified Accessibility Specialist (“CASp”)	TBD	Review underway
Appraisal	10/15/2021	Fair market value of \$16,900,000 exceeds purchase price

*Financing*

At the times of the approvals for the acquisition of each Property, it was contemplated that the purchase and related closing costs and fees would be funded with cash equity contributions deposited into escrow on or before the

contractual closing dates. HACLA would take title to the Properties and would transfer them to the respective owner/operators selected by the City, subject to loans from the City to the owner/operators that would equal the sum of the Homekey funds granted and the Local Match funding provided by the City.

Under the proposed resolutions, HACLA would enter into loan documents with the City on a temporary basis for the same amounts as indicated above. The loan documents would include LAHD's standard form documents, including: 1) an HHH note; 2) a CDBG note; 3) a deed of trust; 4) a loan agreement; and 5) a regulatory agreement (the "Interim Loan Documents"). Each of the Interim Loan Documents would have a rider for the period of HACLA ownership that would incorporate terms including but not limited to: a term of up to one hundred fifty (150) days, upon which HACLA would have the option to transfer the Property to the City and terminate the loans; interest accrual at a rate of zero percent (0%) per annum; deferral of all payments for the term of the loans; and a waiver of all compliance and reporting requirements for the term of the loans.

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

In furtherance of the second round of the State's Homekey Program, HACLA has expended 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, including the subject Property.

**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 costs for the purchases of the Properties will be paid in cash at the close of escrow, sourced from HCD Homekey capital grants and Local Match funds held by the City. The HCD Homekey capital grant funds, of \$35,092,000 for the Florence Property, and of \$10,032,000 for the Van Nuys Property, have been awarded formally by HCD, and the City and HACLA have executed a Standard Agreement for each Property.

The City Local Match for each Property will comprise a mixture of one or more of the following sources: proceeds from the sale of General Obligation Bonds under Proposition HHH, approved by the voters of the City of Los Angeles in 2016 and subsequently authorized by the Los Angeles City Council (“HHH”); federal Community Development Block Grant Recovery funds granted to the City (“CDBG-R”); federal Community Development Block Grant CARES Act funds granted to the City (“CDBG-CV”); federal HOME Investment Partnership American Rescue Plan funds granted to the City (“HOME ARP”); and State Homeless Housing, Assistance and Prevention funds granted to the City (“HHAP”).

All funds will be wired to escrow prior to closing and will not enter HACLA’s possession. The sum of the HCD Homekey capital grant and City Local Match funds at closing will equal the amount of the temporary loan to HACLA for each Property. A summary of the estimated sources and uses of funds is presented in the tables below.

<b>Estimated Closing Sources &amp; Uses - Van Nuys Property</b>			
<u>Sources of Funds</u>		<u>Uses of Funds</u>	
Homekey Capital Funds	\$ 10,032,000	Purchase Price & Fees	\$ 17,562,000
City of Los Angeles Funds	7,561,928	Prorations to Seller	26,778
		Escrow & Closing Costs	5,150
<b>Total</b>	<b>\$ 17,593,928</b>	<b>Total</b>	<b>\$ 17,593,928</b>
<b>Estimated Closing Sources &amp; Uses - Florence Property</b>			
<u>Sources of Funds</u>		<u>Uses of Funds</u>	
Homekey Capital Funds	\$ 35,092,000	Purchase Price & Fees	\$ 49,550,000
City of Los Angeles Funds	14,472,550	Prorations to Seller	8,400
		Escrow & Closing Costs	6,150
<b>Total</b>	<b>\$ 49,564,550</b>	<b>Total</b>	<b>\$ 49,564,550</b>

*Budget and Program Impact:*

No cash will be required by HACLA to finance the purchases of the Properties. Deposits and fees paid by HACLA relative to the purchases will be reimbursed to HACLA at the close of escrow for each Property and will be included in the loan amounts. Acquisition costs, including third party due diligence expenses, legal fees, and acquisition fees payable to HACLA, will be invoiced to the City and paid within forty-five (45) days of the close of escrow for each property, in accordance with the terms of the HACLA-City PSA.

**Environmental Review:**

**NEPA:** On December 15, 2021, the City of Los Angeles issued an Environmental Review for Activity/Project that is Categorically Excluded Subject to Section 58.5 (the “CEST Statement”) for the Van Nuys Property, executed by Edwin C. Gipson II, the Director of Finance and Development of the Los Angeles Housing Department (the “Responsible Entity Agency Official”). On December 22, 2021, the Responsible Entity Agency Official executed a CEST Statement for the Florence Property. The CEST Statements found that the Projects were categorically excluded from NEPA pursuant to 24 CFR 58.35(a) and subject to laws and authorities at Section 58.5. The proposed modification to the financing structure of the purchases does not trigger the need for additional NEPA review.

**CEQA:** The BOC previously found that the acquisition of each property was categorically exempt from CEQA, and a Notice of Exemption (“NOE”) was filed for each with the Los Angeles County Registrar-Recorder/County Clerk (“LA RR/CC”) and the California Office of Planning and Research, pursuant to Public Resources Code section 21152(b). The proposed modification to the financing structure of the purchases does not trigger the need for additional CEQA review.

**Section 3:** Not Applicable.

**Attachments:**

1. Resolution – Van Nuys Property
2. Resolution – Florence Property
3. Attachment – Property Acquisition Summaries for the Florence and Van Nuys Properties
4. Attachment – Form of Loan Agreement with Rider
5. Attachment – Form of Prop HHH Note with Rider
6. Attachment – Form of CDBG Note with Rider
7. Attachment – Form of Deed of Trust with Rider
8. Attachment – Form of Regulatory Agreement with Rider
9. Attachment – Form of HHAP Note with Rider

# **ATTACHMENT 1**

## Resolution – Van Nuys Property

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR THEIR DESIGNEE, TO ENTER INTO ONE OR MORE LOANS AND RELATED DOCUMENTS WITH THE CITY OF LOS ANGELES FOR UP TO \$18,100,000 TO ACQUIRE THE REAL PROPERTY ASSET AT 7639 VAN NUYS BOULEVARD, LOS ANGELES, CALIFORNIA 91405, AND TO UNDERTAKE VARIOUS ACTIONS IN CONNECTION THEREWITH**

**WHEREAS**, the Housing Authority of the City of Los Angeles (“HACLA” or 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 (“BOC” or “Board”) adopted by Resolution 9587, on April 23, 2020, an Acquisition and Disposition of Real Property Policy (the “Policy”) to institute a revised and updated real property acquisition program (“Acquisition Program”) and to revise and restate its Prior Policy to reflect the Authority’s Build HOPE Vision Plan goals 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**, Resolution No. 9792, adopted by the BOC on January 27, 2022, authorized an increase in the maximum amount of funding for which HACLA may apply in connection with the Homekey NOFA to \$425,000,000, including \$385,000,000 for capital expenditures and

\$40,000,000 for operating subsidy, which increased authorization contemplated the submission of a funding application for the Property;

**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**, Resolution No. 9731, adopted by the BOC on August 26, 2021, authorized the acquisition of the Property in partnership with the City of Los Angeles and for the Property to be assigned or transferred to an owner/operator to be selected by the City of Los Angeles (“City”) through a subsequent competitive request for proposals;

**WHEREAS**, HACLA and the City have entered into a Professional Services Agreement (“PSA”) which provides, among other items, that the General Manager and the Assistant General Manager of the Los Angeles Housing Department (“LAHD”) are designated by the City to direct HACLA with respect to the City’s desires for property acquisitions through Homekey (the “City Designees”), that HACLA will take title to such directed Properties for an interim term and at the City’s expense until the City Designees direct HACLA to transfer the Properties to the City’s respective selected owner/operator(s) (the “Interim Period”), and that HACLA will provide asset management services to the City with respect to such Properties during the Interim Period in accordance with an Asset Management Agreement attached to the PSA (the “AMA”);

**WHEREAS**, the City Designees have directed HACLA to purchase the property located at 7639 Van Nuys Boulevard, Los Angeles, California 91405 (the “Van Nuys Property”) in accordance with the PSA, and to manage the property during the Interim Period in accordance with the AMA;

**WHEREAS**, the Los Angeles City Council adopted the recommendation of LAHD on March 11, 2022, to authorize the purchase of the Van Nuys Property (Council File 21-0112), which was subsequently approved by the Mayor of Los Angeles on the same date (the “City Approval”), subject to making a loan to HACLA temporarily until the Van Nuys Property is transferred to the City’s selected owner/operator;

**WHEREAS**, the BOC’s approval to purchase the Van Nuys Property through Resolution No. 9731 does not include authorization to enter into a loan for such with the City;

**WHEREAS**, the Van Nuys Property was appraised by a third-party appraiser and the amount offered by the Authority and accepted by the Seller, of \$16,600,000, is aligned with and validated by the findings of such appraisal dated October 15, 2021 prepared by Michael Popwell Associates, Inc.;

**WHEREAS**, the Van Nuys Property is located wholly within the City of Los Angeles;

**WHEREAS**, the Authority, originally acting on behalf of and in cooperation with the City, executed a Purchase and Sale Agreement for the Property on July 30<sup>th</sup>, 2021 (the “Van Nuys PSA”), which was subsequently amended by four addenda, which together provided, among other terms, that the close of escrow was extended to March 31<sup>st</sup>, 2022, in exchange for nonrefundable extension fees that were released to the seller;

**WHEREAS**, HACLA’s purchase of the Van Nuys Property is required to close escrow on or prior to April 10, 2022 ;

**WHEREAS**, funds from the City will be required in order to close escrow on the purchase of the Van Nuys Property;

**WHEREAS**, the Authority conducted due diligence on the Van Nuys Property, including but not limited to: 1) title review; 2) Phase I and Phase II environmental site assessments; 3) termite and pest infestation inspection; 4) physical needs assessment; 5) ALTA land title survey; 6) construction monitoring; and 7) Certified Accessibility Specialist (“CASp”) analysis (together, the “Inspections”), which Inspections were performed by third party vendors under contract with HACLA;

**WHEREAS**, based on the results of the Inspections, HACLA provided a notice of approval of the physical condition of the Property to the seller on September 27, 2021, and a notice of approval of the environmental site assessments for the Property to the seller on October 22, 2021, all in accordance with the terms of the Van Nuys PSA;

**WHEREAS**, HACLA and the City received an award of Homekey financing from the California Department of Housing and Community Development in February of 2022 (the “Homekey Award”), which included a \$10,032,000 capital grant that may be used to purchase the Van Nuys Property;

**WHEREAS**, HACLA and the City have executed a Standard Agreement with HCD with respect to the Homekey Award;

**WHEREAS**, the City Approval authorizes the use of City funds sufficient to cover the purchase price, closing costs, and related fees for the Van Nuys Property in excess of the

Homekey capital grant award, and the City Designees desire to execute loan documents with HACLA for the Interim Period in an amount equal to the purchase price and related closing costs and fees; and

**WHEREAS**, in review of the California Public Resources Code and exemption criteria therein and the information available at the time of the report, the Board has determined that entering into loan documents with the City for the Van Nuys Property does not alter the Board's finding that the purchase of the Property is categorically exempt from the California Environmental Quality Act ("CEQA") under Resolution No. 9731.

**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 Board of Commissioners of the Housing Authority of the City of Los Angeles ("Authority") hereby authorizes the President & CEO, or the Designated Officers at the direction of the President & CEO, to negotiate and enter into one or more loans (the "Van Nuys Property City Loans") and related loan documents with the City of Los Angeles for the purchase of the real property asset at 7639 Van Nuys Boulevard, Los Angeles, California, 91405, which loan documents may include one or more loan agreements, one or more notes, a deed of trust, a regulatory agreement, and any other documents or certificates related thereto as may be approved by legal counsel in order to effectuate the purchase, escrow closing, operation, and reimbursement of costs related to that property (the "Van Nuys Loan Documents").

**Section 3.** The total amount of any Van Nuys Property City Loans shall equal the sum of the purchase price of the Van Nuys Property, all contractual extension fees related to the purchase of the Van Nuys Property, and all costs related to the closing of escrow, all of which together shall not exceed \$18,100,000.

**Section 4.** The Van Nuys Property City Loans shall include riders providing that the loans bear interest at a rate of zero percent per annum, shall be for a term not to exceed the intended transfer date and any mutually agreed extension as set forth in the Asset Management Agreement between the City and HACLA, shall provide HACLA the option to transfer the Van Nuys Property to the City upon the expiration of such term upon which all loan documents shall be terminated, shall require no payment of principal during the term, and shall not require HACLA to provide any reporting or other services to the City beyond those which are required within the Asset Management Agreement.

**Section 5.** The Designated Officers of the Authority referred to above are as follows:

Name	Title
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Douglas Guthrie  
Marlene Garza  
Jenny Scanlin  
Margarita Lares

President and Chief Executive Officer  
Chief Administrative Officer  
Chief Development Officer  
Chief Programs Officer

**Section 6. 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 31<sup>st</sup> day of March, 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**

### Resolution – Florence Property

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR THEIR DESIGNEE, TO ENTER INTO ONE OR MORE LOANS AND RELATED DOCUMENTS WITH THE CITY OF LOS ANGELES FOR UP TO \$49,750,000 To ACQUIRE THE REAL PROPERTY ASSET AT 1654 W. FLORENCE AVENUE, LOS ANGELES, CALIFORNIA 90047, AND TO UNDERTAKE VARIOUS ACTIONS IN CONNECTION THEREWITH**

**WHEREAS**, the Housing Authority of the City of Los Angeles (“HACLA” or 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 (“BOC” or “Board”) adopted by Resolution 9587, on April 23, 2020, an Acquisition and Disposition of Real Property Policy (the “Policy”) to institute a revised and updated real property acquisition program (“Acquisition Program”) and to revise and restate its Prior Policy to reflect the Authority’s Build HOPE Vision Plan goals 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**, Resolution No. 9792, adopted by the BOC on January 27, 2022, authorized an increase in the maximum amount of funding for which HACLA may apply in connection with the Homekey NOFA to \$425,000,000, including \$385,000,000 for capital expenditures and

\$40,000,000 for operating subsidy, which increased authorization contemplated the submission of a funding application for the Property;

**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**, Resolution No. 9765, adopted by the BOC on November 18, 2021, authorized the acquisition of 1654 W. Florence (the “Property”) in partnership with the City of Los Angeles and for the Property to be assigned or transferred to an owner/operator to be selected by the City of Los Angeles (“City”) through a subsequent competitive request for proposals;

**WHEREAS**, HACLA and the City have entered into a Professional Services Agreement (“PSA”) which provides, among other items, that the General Manager and the Assistant General Manager of the Los Angeles Housing Department (“LAHD”) are designated by the City to direct HACLA with respect to the City’s desires for property acquisitions through Homekey (the “City Designees”), and that HACLA will take title to such directed Properties for an interim term and at the City’s expense until the City Designees direct HACLA to transfer the Properties to the City’s respective selected owner/operator(s) (the “Interim Period”), and that HACLA will provide asset management services to the City with respect to such Properties during the Interim Period in accordance with an Asset Management Agreement attached to the PSA (the “AMA”);

**WHEREAS**, the City Designees have directed HACLA to purchase the property located at 1654 W. Florence Avenue, Los Angeles, California 90047 (the “Florence Property”) in accordance with the PSA, and to manage the property during the Interim Period in accordance with the AMA;

**WHEREAS**, the Los Angeles City Council adopted the recommendation of LAHD on March 11, 2022, to authorize the purchase of the Florence Property (Council File 21-0112), which was subsequently approved by the Mayor of Los Angeles on the same date (the “City Approval”), subject to making a loan to HACLA temporarily to manage the Florence Property on behalf of the City until transferred to the City’s selected owner/operator;

**WHEREAS**, the BOC’s approval to purchase the Florence Property through Resolution No. 9765 does not include authorization to enter into a loan for such with the City;

**WHEREAS**, the Florence Property was appraised by a third-party appraiser and the amount offered by the Authority and accepted by the Seller, of \$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 Florence Property is located wholly within the City of Los Angeles;

**WHEREAS**, the Authority, originally acting on behalf of and in cooperation with the City, executed a Purchase and Sale Agreement for the Property on September 28<sup>th</sup>, 2021 (the "Florence Property PSA");

**WHEREAS**, HACLA's purchase of the Florence Property is required to close escrow on March 30, 2022, subject to an extension that HACLA is in the process of negotiating on behalf of the City;

**WHEREAS**, funds from the City will be required in order to close escrow on the purchase of the Florence Property;

**WHEREAS**, the Authority conducted due diligence on the Florence Property, including but not limited to: 1) title review; 2) Phase I environmental site assessment; 3) termite and pest infestation inspection; 4) physical needs assessment; 5) ALTA land title survey; 6) construction monitoring; 7) zoning and permitting report; and 8) Certified Accessibility Specialist ("CASp") analysis (together, the "Inspections"), which Inspections were performed by third party vendors under contract with HACLA;

**WHEREAS**, based on the results of the Inspections, HACLA provided a notice of approval of the physical condition of the Florence Property to the seller on November 23, 2021, in accordance with the terms of the Florence PSA;

**WHEREAS**, HACLA and the City received an award of Homekey financing from the California Department of Housing and Community Development in February of 2022 (the "Homekey Award"), which included a \$35,092,000 capital grant that may be used to purchase the Florence Property;

**WHEREAS**, HACLA and the City have executed a Standard Agreement with HCD with respect to the Homekey Award;

**WHEREAS**, the City Approval authorizes the use of City funds sufficient to cover the purchase price, closing costs, and related fees for the Florence Property in excess of the Homekey capital grant award, and the City Designees desire to execute loan documents with HACLA for the Interim Period in an amount equal to the purchase price and related closing costs and fees; and

**WHEREAS**, in review of the California Public Resources Code and exemption criteria therein and the information available at the time of the report, the Board has determined that entering into loan documents with the City for the Florence Property does not alter the Board’s finding that the purchase of the Property is categorically exempt from the California Environmental Quality Act (“CEQA”) under Resolution No. 9765.

**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 Board of Commissioners of the Housing Authority of the City of Los Angeles (“Authority”) hereby authorizes the President & CEO, or the Designated Officers at the direction of the President & CEO, to negotiate and enter into one or more loans (the “Florence Property City Loans”) and related loan documents with the City of Los Angeles for the purchase of the real property asset at 1654 W. Florence Avenue, Los Angeles, California, 90047, which loan documents may include one or more loan agreements, one or more notes, a deed of trust, a regulatory agreement, and any other documents or certificates related thereto as may be approved by legal counsel in order to effectuate the purchase, escrow closing, operation, and reimbursement of costs related to that property (the “Florence Loan Documents”).

**Section 3.** The total amount of any Florence Property City Loans shall equal the sum of the purchase price of the Florence Property, all contractual extension fees related to the purchase of the Florence Property, and all costs related to the closing of escrow, all of which together shall not exceed \$49,750,000.

**Section 4.** The Florence Property City Loans shall include riders providing that the loans bear interest at a rate of zero percent per annum, shall be for a term not to exceed the intended transfer date and any mutually agreed extension as set forth in the Asset Management Agreement between the City and HACLA, shall provide HACLA the option to transfer the Florence Property to the City upon the expiration of such term upon which all loan documents shall be terminated, shall require no payment of principal during the term, and shall not require HACLA to provide any reporting or other services to the City beyond those which are required within the Asset Management Agreement.

**Section 5.** The Designated Officers of the Authority referred to above are as follows:

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

**Section 6. 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 31<sup>st</sup> day of March, 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 4**

### Form of Loan Agreement with Rider

# **ATTACHMENT 5**

Form of Prop HHH Note with Rider

# **ATTACHMENT 6**

Form of CDBG Note with Rider

# **ATTACHMENT 7**

Form of Deed of Trust with Rider

## **ATTACHMENT 8**

### Form of Deed of Regulatory Agreement with Rider

# **ATTACHMENT 9**

Form of HHAP Note with Rider