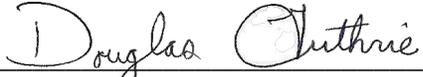
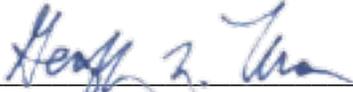


Report of the President & CEO

July 28, 2022

RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO EXECUTE UP TO FOUR CONTRACTS WITH OVERLAND, PACIFIC & CUTLER, LLC, FOR AN INITIAL ONE-YEAR TERM WITH FOUR (4) ONE-YEAR OPTIONS TO EXTEND, TO PROVIDE RELOCATION SERVICES ASSOCIATED WITH THE PROJECT HOMEKEY ACQUISITIONS OF FOUR EXTENDED STAY AMERICA HOMEKEY SITES FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$1,000,000


 Douglas Guthrie
 President & Chief Executive Officer


 Geoffrey Moen
 Director of Development

Purpose: The purpose of this resolution is to authorize the Housing Authority of the City of Los Angeles (“HACLA”) to enter into up to four one-year contracts with four one-year options to renew an existing contract with Overland, Pacific & Cutler, LLC, (“OPC”) to provide relocation services for four Extended Stay America (“ESA”) sites, 6531 S. Sepulveda, 18602 S. Vermont, 20205 Ventura, and 19325 Londelius (each a “Property” and, collectively, the “Properties”). The Properties are being purchased on behalf of the City of Los Angeles (“City”) to provide permanent supportive housing to homeless and those at risk of homelessness under the State of California’s Project Homekey.

Regarding:

Resolution No. 9710, as amended by No. 9792, authorized HACLA to submit multiple applications, on its own behalf and in collaboration with the City, in response to the 2021 Project Homekey Program (“Homekey”) NOFA, to apply for Homekey grant funds in a total amount not to exceed \$450,000,000.

Resolution Nos. 9797, 9798, 9799, and 9800 authorized HACLA to acquire the properties located at 6531 S. Sepulveda, 18602 S. Vermont, 20205 Ventura, and 19325 Londelius through Homekey, and to execute related documents, including the State’s Department of Housing and Community Development’s (“HCD”) Standard Agreements.

Issues:

Background: HACLA placed the Properties under contract for purchase on January 28, 2022; 6531 S. Sepulveda for \$50,689,000; 18602 S. Vermont for \$41,500,000; 20205 Ventura for \$45,020,000; and 19325 Londelius for \$46,791,000. The total purchase price for the Properties is \$184,000,000. HACLA is purchasing the Properties on behalf of the City pursuant to a Professional Services Agreement (“PSA”) executed by HACLA and the City. The purchases will be financed by grant

funds from HCD through the Homekey program and cash funds wired to escrow by the City at closing. The Properties will be held by HACLA for an interim period, pursuant to an Asset Management Agreement with the City. HACLA will then transfer each Property to a long-term owner/operator selected by the City. Each Property will be deed restricted for a period of fifty-five (55) years to provide housing for individuals and families who are experiencing or at risk of homelessness.

On January 31, 2022, HACLA staff successfully submitted funding applications for Homekey funding from HCD, including the four subject properties.

On July 12, 2022, HACLA received awards of Homekey funds for 6531 S. Sepulveda in the amount of \$39,403,275, 18602 S. Vermont in the amount of \$40,642,129, 20205 Ventura in the amount of \$43,157,422, and 19325 Londelius in the amount of \$34,745,323. Together the awards total \$157,948,149 with \$3,608,500 of the awards earmarked by HCD for relocation-related expenses.

The Homekey Program requires all pre-existing households on site must be income-qualified to remain in the Homekey building permanently after the property has been purchased with State funds. In conducting its due diligence, HACLA estimates that up to 175 households across all Properties may need to be relocated either because they are not anticipated to income qualify or as a result of a household level choice not to remain on site once the Property converts to permanent supportive housing. The estimated cost to relocate these households is approximately \$12 million and will be paid for with HCD grant funds, together with seller holdback contributions and an overage guarantee of payment from the City, as necessary. This relocation payment arrangement was memorialized in a fifth amendment to the Purchase and Sale Agreement that was executed by the seller and HACLA on June 20, 2022.

As part of its initial due diligence, HACLA contracted with OPC on December 15, 2021 to conduct relocation activities including the creation of Relocation Plans for the Properties for \$138,000 (the "Relocation Planning Services Contract"). This contract has been front-funded by HACLA and will be reimbursed by the City of Los Angeles at the acquisition closings per the Professional Services Agreement. At the time of the January 2022 Homekey application submittal for the Properties, and in consultation with ESA staff, OPC and HACLA estimated that 25%-35% of residents would qualify for relocation assistance at a total cost of \$50,000 to \$60,000 per household. HACLA staff included \$7,216,000 in relocation costs across the Properties' four Homekey applications.

Through the Relocation Planning Services Contract, OPC completed draft Relocation Plans for each of the Properties. These draft Relocation Plans were posted at each site for public comment on July 8, 2022, and sent to HCD for review

on July 14, 2022. HACLA staff anticipate the draft plans will complete HCD review and be presented to the HACLA BOC at the August BOC meeting.

In February and May 2022, ESA staff provided detailed logs of long-term guests (28+ days). Through a series of phone and in-person interviews, OPC staff collected self-reported guest information including income, household size, and senior and disability status. Using this information, OPC and HACLA staff were able to develop a more accurate estimate of relocation expenses for tenants who responded to outreach efforts, as well as develop minimum-maximum ranges for each Property’s relocation costs.

OPC and HACLA staff estimated costs for long-term guests who have not responded to outreach efforts, by assuming their relocation expenses would fall in the 75th percentile of relocation expenses estimated for those who did respond and provided data. As outreach efforts continue and more guest interviews and information gathering is completed, it is expected a portion of these “add-ons” will be found to be short-term guests or otherwise ineligible for relocation.

Additionally, HACLA and ESA staff included estimated relocation costs for some extremely low-income residents (“ELI”, defined as at or below 30% of AMI). While ELI tenants are eligible to sign long-term leases and remain at the properties, staff estimate 23% of eligible tenants may relocate based on tenant interviews. Finally, HACLA staff included a 15% contingency for relocation costs bringing the updated relocation cost estimate to \$12,357,674 which includes all costs associated with relocation, including direct payments to households as well as all costs of relocation services, including the proposed contract with OPC contemplated in this report.

The total number of households estimated for relocation, and the cost for each, are presented by Property and for the portfolio as a whole in the table below:

Property Address	Est. # of Relocation Households	Estimated Total Cost
6531 S. Sepulveda	41	\$2,416,512
18602 S. Vermont	40	\$2,220,392
19325 Londelius	32	\$2,666,960
20205 Ventura	62	\$5,053,810
Total	175	\$12,357,674

HCD Homekey NOFA Occupancy Requirements

Under the Notice of Funding Availability for Round 2 of the Homekey Program adopted by the California Department of Housing and Community Development, the Properties must be fully occupied (defined as 90%) within eight (8) months of funding award notification in order to qualify for a timely occupancy bonus of \$10,000 per unit. In order to meet this deadline, HACLA, at the request of the City, wishes to complete the development and adoption of relocation plans and initiate direct resident relocation activities at the Properties. HACLA desires to enter into new contracts with OPC for relocation services beyond the original scope of the Relocation Planning Services Contract. OPC submitted a proposal for this new scope of work for a cost not to exceed \$844,600. HACLA staff recommends adding \$155,400 to this amount as a contingency to cover unforeseen costs. The contracts will allow OPC to conduct certain of the tasks required to prepare for relocation of eligible residents, including but not limited to gathering documentation of incomes, but will stipulate that no Notices to Vacate or subsequent activities will be issued until after the HACLA BOC considers and adopts final Relocation Plans.

Relocation Consultant Scope of Work

Relocation Assistance Services – Permanent Displacement

- Interview the households (if not previously interviewed) and inform displaced persons of available relocation assistance services and benefits and explain the relocation process.
- Provide tenants with on-going advisory assistance to minimize their hardship, including referrals to, and coordination with, community service resources, public housing, and other public services, as necessary.
- Prepare and distribute the Informational Statement, Notice of Eligibility, Vacate Notice, and other notices, as may be required. (All required notices will be delivered in person or sent general and certified mail to establish proof of service.)
- Request, and collect, written documentation of occupancy of the project units, current rent, gross household income, legal presence status, utilities costs, age, disabilities, and identification of the occupants.
- Conduct a market survey and prepare a Comparable Housing Analysis for each household.
- Determine eligibility for, and proposed amount of, relocation benefits, including moving payments and rental/down payment assistance payments.
- Provide written referrals to replacement housing and assist tenants in locating replacement housing (up to five sets).
- Inspect replacement dwelling to determine if they meet "decent, safe, and sanitary" requirements.

- Prepare all applicable benefit claim forms, secure claimant's signatures on claim forms, and submit claim forms to for processing and payment (up to three RAP claims).
- Monitor the move to the replacement site, as necessary.
- Conduct vacate inspection and verify all personal property has been relocated from the Project site.
- Deliver benefit checks and other appropriate payments to claimants.
- Maintain necessary case documentation in compliance with applicable requirements.
- Upload all file documents electronically.

Project Management & General Consulting

- Assist with the development of administrative policies, procedures and forms necessary to carry out the initial program.
- Provide regular written status reports.
- General consultation and project coordination with social service agencies, governmental entities, and project team members.
- QA/QC of all staff and work product associated with the Project.

Procurement

The U.S. Department of Housing and Urban Development (“HUD”) permits and encourages housing authorities to purchase common goods and services that are routine in nature under competitively awarded contracts entered into by other public agencies through a procedure called "cooperative purchasing" to realize greater economy, efficiencies and reduce costs. While the subject contract will not be federally funded, following federal cooperative purchasing methods helps realize the contracting economies described above.

On March 22, 2019, the Community Development Commission and Los Angeles County Development Authority, which subsequently became the Los Angeles County Development Authority (“LACDA”), issued Request for Proposals (“RFP”) No. CDC19-035 for acquisition, relocation and housing locator services (collectively, the “Services”). Following review of the RFP, HACLA determined utilization of cooperative purchasing under this RFP would be the most economical and efficient means to procure the Services for HACLA.

The solicitation was advertised on a website and additional outreach was conducted and transmitted via emails. Six (6) firms responded to the RFP evidencing robust interest and competition. Overland, Pacific & Cutler, LLC (“OPC”) was awarded a contract with LADCA. LADCA executed a contract with OPC (“LACDA-OPC Agreement”) on July 1, 2019 with an initial one-year term with four (4) one-year options to extend through June 30, 2024.

HACLA has determined that piggybacking off of the LACDA-OPC Agreement for new contracts will satisfy its Procurement Policy and HUD's criteria for cooperative purchasing because: (i) use of the LADCA-OPC Agreement will provide for greater economy and efficiency and result in cost savings to HACLA; (ii) the nature of the goods is routine; (iii) the scope of the goods to be provided is sufficiently equivalent to the scope of the goods required; (iv) the LADCA-OPC Agreement was procured in compliance with 2 CFR Part 200; and (v) the cost and availability of the goods were evaluated as part of the solicitation and the LADCA-OPC Agreement will be re-evaluated by staff on an annual basis.

Assignability & Indemnity

HACLA intends to assign all or a portion of the OPC contracts as well as the Escrow Holdback accounts and HCD funding for relocation to Owners/Operators selected by the Los Angeles Housing Department who take ownership of these Properties shortly after their acquisition. HACLA anticipates the Owner/Operators will want to oversee the completion of relocation activities as they begin their lease up, property management, and development duties. The assignment agreement between HACLA and the Owner/Operators will transfer all future liability as well as relocation appeals to the Owner/Operator and the City of Los Angeles once executed.

The Professional Services Agreement, Section 12.3 7. PCS-18 Indemnification, states clearly that the City will hold HACLA harmless for any loss, costs or expenses that may be imposed upon such other party by virtue of Government Code Section 895.2. Additionally, Recital E of Attachment F, Asset Management Agreement to the Professional Services Agreement, clearly states HACLA shall not be responsible for any costs or expenses associated with the maintenance or operation of the Properties, all of which shall be the City's responsibility.

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 properties within the City which will provide decent, safe, and sanitary housing for individuals and families experiencing homelessness or at risk of homelessness, including the three Properties discussed in this report.

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: HCD issued Homekey grant awards for the Properties in July 2022 which include funding for relocation expenses in the amount of \$3,608,500. On June 20, 2022, HACLA amended the terms of the Purchase and Sale Agreements for the Properties to include the establishment of Escrow Holdback Accounts at purchase which would collectively provide an additional \$8,461,405 for relocation related activities, including all expenses related to the subject contracts with OPC. Per the Professional Services Agreement, the City of Los Angeles is responsible for all costs of due diligence, acquisition and subsequent asset and property management. Those costs include any additional relocation expenses not covered by HCD or the Escrow Holdback Accounts.

Budget and Program Impact: The Relocation Consultant fees will be paid using HCD Homekey grant funding for relocation. These funds are anticipated to be available for draws in late August 2022. Funds will allow for resident direct relocation activities, including assisting eligible residents in finding replacement housing, inspecting replacement dwelling units, arranging and monitoring the move to replacement sites, relocation trust account administration, and delivering benefit checks and payments to claimants among other activities.

Section 3: Not Applicable.

Attachment:

1. Resolution

ATTACHMENT 1

RESOLUTION

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO EXECUTE UP TO FOUR CONTRACTS WITH OVERLAND, PACIFIC & CUTLER, LLC, FOR AN INITIAL ONE-YEAR TERM WITH FOUR (4) ONE-YEAR OPTIONS TO PROVIDE RELOCATION SERVICES ASSOCIATED WITH THE PROJECT HOMEKEY ACQUISITIONS OF FOUR EXTENDED STAY AMERICA HOMEKEY SITES FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$1,000,000

WHEREAS, the Housing Authority of the City of Los Angeles (“HACLA”) requires relocation services (“Services”) for four (4) Project Homekey Sites being acquired by HACLA on behalf of the City of Los Angeles (“City”), located at Extended Stay America (“ESA”) sites, 6531 S. Sepulveda, 18602 S. Vermont, 20205 Ventura, and 19325 Londelius (each a “Property” and, collectively, the “Properties”);

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) permits and encourages housing authorities to purchase goods and services that are routine in nature under competitively awarded contracts entered into by other public agencies through a procedure called “cooperative purchasing” to realize greater economy, efficiencies and reduce costs;

WHEREAS, the Community Development Commission and Los Angeles County Development Authority, which subsequently became the Los Angeles County Development Authority (“LACDA”), previously engaged in a competitive procurement and selected Overland, Pacific & Cutler, LLC (“OPC”) for relocation services;

WHEREAS, HACLA wishes to utilize the contract between LACDA and OPC under the cooperative purchasing procedure, for a new contract with OPC up to \$1,000,000 (“Contract”) for HACLA relocation Services for the “Properties”; and

WHEREAS, the costs for the Services will be funded by Project Homekey grant awards from the State’s Department of Housing and Community Development and HACLA will not be responsible for the costs of the Services under the Contract.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners authorizes the President and CEO, or designee, to execute up to four contracts with Overland, Pacific & Cutler, LLC (“OPC”), for an initial one-year term with four (4) one-year options for renewal for a total contract amount not-to-exceed \$1,000,000 for relocation services for the Properties, provided that the contract(s) shall include a provision requiring that OPC shall not deliver any notice to vacate or take any subsequent actions prior to the approval of the Board of Commissioners of the final relocation plans for the Properties.

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

PASSED AND ADOPTED by the Housing Authority of the City of Los Angeles this 28th day of July, 2022.

APPROVED AS TO FORM:

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: _____
James Johnson, General Counsel

By: _____
Cielo Castro, Chairperson

DATE ADOPTED: _____

