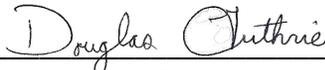
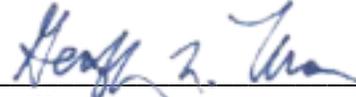


**RESOLUTION AUTHORIZING AN INCREASE IN THE PURCHASE PRICE UP TO \$56,000,000 WHICH INCLUDES ADDITIONAL DEPOSITS OF UP TO \$1,054,800 FOR OPTIONAL EXTENSIONS TO THE CLOSING DATE FOR THE ACQUISITION OF REAL PROPERTY LOCATED AT 21121 VANOWEN STREET, LOS ANGELES, CALIFORNIA 91303, AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH**



Douglas Guthrie  
President & Chief Executive Officer



Geoffrey Moen  
Director of Development

**Purpose:** To allow the Housing Authority of the City of Los Angeles (“HACLA” or “Authority”), in collaboration with the City of Los Angeles (“City”) through an executed Professional Services Agreement (“City Homekey PSA”), to amend the purchase and sale agreement for the real property asset located at 21121 Vanowen Street, Los Angeles, 91303 (“Property”) to increase the price and increase the deposits in connection with extending the closing date, 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”).

*Regarding:*

Resolution No. 9795, adopted by the HACLA Board of Commissioners (“Board” or “BOC”) on January 27, 2022 (the “Vanowen Resolution”), approved the acquisition of the Property for a price of \$55,240,000, and found that the acquisition was exempt from environmental review under CEQA.

**Issues:**

*Purchase contract:*

On January 6, 2022, the City of Los Angeles, through the Los Angeles Housing Department (“LAHD”) requested that HACLA purchase the Property on behalf of the City in accordance with the City Homekey PSA.

On January 28, 2022, HACLA and the current owner of the Property (“Seller”) entered into a Purchase and Sale Agreement with a negotiated purchase price of \$55,240,000 (the “PSA”). The purchase price was validated by an appraisal procured by HACLA, and the appraisal provided an as is market opinion of value for the Property (\$56,200,000) that was above the negotiated purchase price. The PSA date for the close of escrow was April 15, 2022, subject to one extension

option each for both HACLA and the Seller to extend the closing date by sixty (60) days. The PSA also conditioned HACLA's obligation to purchase the Property on the Seller delivering to HACLA a certificate of occupancy ("COO") for the Property executed by the Los Angeles Department of Building and Safety ("LADBS") not less than five (5) days prior to the closing date, and provided HACLA with the option to extend the inspection period up to thirty (30) days from the date of delivery of the COO for the limited purpose of conducting inspections that may only be completed following the delivery of the COO. The Seller delivered the COO, which was executed on August 11, 2022, to HACLA on August 15, 2022. Upon receipt of the COO, the initial deposit of \$250,000 became nonrefundable and was released to the Seller in accordance with the provisions of the PSA.

HACLA and the Seller have executed four addendums to the PSA, which are summarized below:

- Addendum No. 1, executed on March 29, 2022, added a provision regarding the delivery of accessible units, and extended the closing date to May 16, 2022. The addendum provided for an outside closing date of July 15, 2022.
- Addendum No. 2, executed on April 27, 2022, extended the financing contingency date to May 5, 2022 and modified the accessibility provision.
- Addendum No. 3, executed on May 5, 2022, extended the financing contingency to May 27, 2022 and deleted the accessibility delivery provisions.
- Addendum No. 4, executed on June 3, 2022, increased the purchase price to \$55,461,575, and extended the date of the close of escrow to September 1, 2022, with no further extension options. This extension was to provide time for HACLA to obtain funds from HCD and the City in order to close escrow following HACLA's receipt of a conditional reservation of funds.

On July 12, 2022, HACLA and the City received an unconditional award announcement for Homekey funds from HCD. Subsequently HCD began the preparation of a draft Standard Agreement for HACLA's review, which HACLA expects to receive during the week of August 22. Following HACLA's execution of the Standard Agreement, HACLA will submit a request for a wire of Homekey funds from HCD to escrow. The disbursement of funds is anticipated by HCD to take 21 to 45 days from the request. HACLA will work with HCD to expedite the disbursement review process to the extent possible. However, neither HACLA nor the City can bridge the amount owed for the purchase price until the receipt of the Homekey funds to meet the closing date of September 1, 2022. Therefore, HACLA requires an additional negotiated extension from the Seller.

## Addendum

### Terms

The terms of the amendments to the PSA negotiated with the Seller (the “Fifth PSA Addendum”) are as follows:

- The purchase price will be increased by \$200,000, from \$55,461,575 to \$55,661,575. The additional purchase price will be paid at closing.
- HACLA will deposit an additional sum of \$854,800 into escrow following the execution of the amendment. This additional deposit will be nonrefundable and will be released to the Seller upon receipt by escrow. This additional deposit will be applicable to the purchase price of \$55,661,575.
- The close of escrow will be extended from September 1, 2022 to October 3, 2022.
- HACLA will have a onetime option to extend the closing date from October 3, 2022 to October 18, 2022. The extension option will need to be exercised on or before September 28, 2022. If exercised, the purchase price will increase by the sum of \$200,000 to \$55,861,575 plus an amount equal to \$138,425 divided by 1/14<sup>th</sup> multiplied by the number of days of the extension that is exercised by HACLA. If exercised, \$200,000 of this sum shall be deposited by HACLA into escrow, shall be nonrefundable, and shall be immediately released to the Seller. The final portion of the purchase price, equal to 1/14<sup>th</sup> of \$138,425 multiplied by the number of days of the extension that is exercised, will be paid to the Seller at the closing.
- For clarity, if HACLA exercises the option to extend the closing until October 18, 2022, the total purchase price will be \$56,000,000, and the total amount of the additional deposits will be \$1,054,800.

The terms pertaining to purchase price and deposits are summarized in the table below:

Original purchase price (January 28)	\$55,240,000
Increased price – 4 <sup>th</sup> addendum	\$55,461,575
Increase to price for extension to October 3	\$200,000
Maximum increase to price for extension to October 18	\$338,425
Proposed maximum price if extension exercised to October 18	\$56,000,000
Deposit due upon execution of 5 <sup>th</sup> amendment	\$854,800
Deposit due upon execution of extension beyond October 3	\$200,000
Maximum total additional deposit	\$1,054,800

The total potential increase to the purchase price from the current purchase price of \$55,461,575 will be \$538,425, which is equivalent to an increase of 0.97%. The proposed Fifth PSA Addendum will allow for the extension of escrow, which will

relieve HACLA and the City of Los Angeles from having to cover HCD's portion of the closing costs. HACLA and the City do not have an alternative source of funds in hand to bridge this amount of \$26,475,000. This new increase to the purchase price of \$56,000,000 is still under the appraised fair market value, provides a necessary extension to ensure the financing plan can be met, and is thus considered reasonable.

Pursuant to the City Homekey PSA, HACLA will fund the additional deposits that will be required of the Fifth PSA Addendum, all to be reimbursed by the City or through HCD funding. HACLA, to date, has not exceeded the Board's authority for deposits and expenditures under the City Homekey PSA and does not anticipate needing additional authority from the Board of Commissioners at this time.

This Property is being purchased at the direction and for the benefit of the City of Los Angeles, and staff will not execute this Fifth PSA Addendum until LAHD has provided written authority for HACLA to do so in accordance with the City Homekey PSA.

*Ownership &  
Operations:*

The City is in the process of procuring a third-party owner/operator for the Property. Under the City Homekey PSA, the City may request HACLA to take title to the Property and provide asset management services on the City's behalf for an interim period of time until the City requests that HACLA execute documents transferring the Property to the City's selected owner/operator. If exercised, during such interim period, HACLA will provide maintenance and security services, but will not lease any units. HACLA also has the option to assign the PSA to the City or the City's selected owner/operator prior to close of escrow, which HACLA will do upon the request of the City.

The City will record a Deed of Trust and a regulatory agreement restricting the use of each City Property to match all Homekey requirements, including occupancy by persons experiencing or at risk of homelessness and with incomes not exceeding thirty percent (30%) of the median income for Los Angeles County for fifty-five (55) years. The Property will serve the public purpose of providing deeply affordable housing to individuals and families and the transfer of the property to the eventual owner/operator at the value which was paid by the City and State would meet the public benefit requirements of all applicable State Health and Safety Codes.

Pursuant to the Homekey Application to HCD, as amended, thirty-five (35) of the one-bedroom units in the Property will be restricted to occupancy by homeless youth or youth at risk of homelessness, and sixty-four (64) units will be restricted

to occupancy by persons and families at risk of homelessness. Two (2) units will be unrestricted manager's units.

*Property:*

The Property is a newly constructed, seven-story mixed use building, with 101 dwelling units, 3,777 square feet of ground level commercial space, and 121 structured parking spaces. The Property also includes bicycle parking, a rooftop deck, a community room, an interior courtyard, and other amenities. The Property is located in Council District 3 in the Warner Center neighborhood of the San Fernando Valley. It is located proximate to schools, parks, a bus stop, health facilities, and retail and employment centers. Additional information is provided in **Attachment 2**.

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

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

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

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

**Funding:** The Chief Administrative Officer confirms the following:

*Source of Funds:* The \$854,400 for the additional deposit will be made by HACLA using unrestricted non-federal funds, and will be reimbursed to HACLA by the City in accordance with the terms of the City Homekey PSA. The additional purchase price increase by \$200,000 to \$55,661,575 does not require immediate deposit and will be covered by City or HCD Homekey funds at closing. If HACLA exercises the option to extend the closing date past October 3rd, \$200,000 of the additional consideration of up to \$338,425 for that extension will need to be advanced by HACLA using non-federal funds, and this deposit along with any daily extension fees will be reimbursed to HACLA or paid directly to the Seller by the City at the close of escrow.

*Budget and Program Impact:* The actions and expenditures related to the acquisition of these sites are generally in line with HACLA’s Acquisition Program and the Authority’s mission and goals. Funds expended for the acquisition of the Property will be repaid in full during escrow or by invoice within forty-five (45) days of closing, in accordance with the executed Professional Services Agreement between HACLA and the City, and all funding for Asset Management costs will be covered in whole by the City in accordance with the Asset Management Agreement between HACLA and the City. HACLA will receive a fee of up to \$1.12 million for acquisition services from the City in addition to full reimbursement of all out-of-pocket costs.

**Environmental Review:**

*NEPA:* The primary source of funding for Homekey are federal funds and therefore require review under the National Environmental Protection Act (“NEPA”). On March 17<sup>th</sup>, 2022, HACLA received an Environmental Review for Activity/Project that is Categorically Excluded Subject to Section 58.5 Pursuant to 24 CFR 58.35(a) (“CEST”) executed by the Los Angeles Housing Department, which is the responsible entity agency, certifying that the acquisition of the Property is categorically excluded from NEPA. The proposed actions to modify terms of the PSA does not require further review under NEPA.

*CEQA:* Through the Vanowen Resolution, the BOC determined on January 27<sup>th</sup>, 2022, that the acquisition of the Property was categorically exempt from environmental review under the California Environmental Quality Act (“CEQA”), Public Resources Code section 21000 et seq. – specifically under Title 14 of the California Code of Regulations, sections 15301 (Class 1, Existing Facilities), 15326 (Class 26, Acquisitions of Housing for Housing Assistance Programs), and 15332 (Class 32, Infill Development Project).

Additionally, the identified project acquisitions qualified for the statutory exemptions from the requirements of CEQA under Public Resources Code section 21080(b)(4) and Title 14 of the California Code of Regulations, section 15269(c), as they are being acquired to mitigate the publicly declared emergency created by the COVID-19 pandemic as it pertains to individuals and families who are most vulnerable, and under Health and Safety Code section 50675.1.4. (acquisition of existing buildings to provide housing for individuals and families who are experiencing homelessness).

A Notice of Exemption (“NOE”) for the Property was filed with the Los Angeles County Registrar-Recorder/County Clerk (“LA RR/CC”) and the Office of Planning and Research on February 15<sup>th</sup>, 2022, pursuant to Public Resources Code section 21152(b). The proposed actions to modify terms of the PSA does not require further review under CEQA.

**Section 3:** Not Applicable.

**Attachments:**

1. Resolution
2. Property Acquisition Summary

# **ATTACHMENT 1**

## Resolution

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

**RESOLUTION AUTHORIZING AN INCREASE IN THE PURCHASE PRICE UP TO \$56,000,000 WHICH INCLUDES ADDITIONAL DEPOSITS OF UP TO \$1,054,800 FOR OPTIONAL EXTENSIONS TO THE CLOSING DATE FOR THE ACQUISITION OF REAL PROPERTY LOCATED AT 21121 VANOWEN STREET, LOS ANGELES, CALIFORNIA 91303, AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH**

**WHEREAS**, the Housing Authority of the City of Los Angeles (the “Authority”) is a public body, corporate and politic, duly created, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Housing Authorities Law, consisting of Part 2 of Division 24 of the California Health and Safety Code (the “Act”), including the power to finance, acquire and manage property in the furtherance of providing affordable housing;

**WHEREAS**, the Authority is authorized to acquire and dispose of real property and enter into contracts and agreements related thereto pursuant to California Health and Safety Code Section 34200 *et seq.* and particularly with respect to Section 34315;

**WHEREAS**, the Authority’s Board of Commissioners (“Board”) has adopted, by Resolution 9639, on October 22, 2020, an Acquisition and Disposition of Real Property Policy (the “Policy”) to institute a revised and updated real property acquisition program (“Acquisition Program”) and to revise and restate its Prior Policy to reflect the Authority’s Build HOPE Vision Plan goals to acquire additional real property and to provide for the disposition of real property;

**WHEREAS**, the California (“State”) Department of Housing and Community Development (“HCD”), using Federal Coronavirus Relief Funds and State general funds, created the Project Homekey Program (“Homekey”) in 2020 to rapidly create deeply affordable housing for individuals and families experiencing or at risk of homelessness, who were disproportionately impacted by the COVID-19 pandemic;

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

**WHEREAS**, through Resolution No. 9792, adopted on January 27, 2022, the Board authorized HACLA to apply for Homekey round 2 grant funds in an increased total amount not to exceed \$425,000,000, including \$385,000,000 for capital expenditures and \$40,000,000 for operating subsidy;

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

**WHEREAS**, HCD is authorized to administer the Homekey Program pursuant to the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code) and all other legal requirements of the Homekey Program, including the terms, conditions, regulations, and agreements that HCD may adopt through the 2021 NOFA and application for Homekey;

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

**WHEREAS**, the Authority submitted an application for Homekey funding for the acquisition of the real property asset located at 21121 Vanowen Street, Los Angeles, California 91303 (the "Property") in partnership and as co-applicant with the City in response to the 2021 NOFA;

**WHEREAS**, the Authority, through Resolution No. 9795, adopted on January 27, 2022, approved the acquisition of the Property for a price of \$55,240,000, and subsequently entered into a purchase and sale agreement ("PSA") to purchase the Property at that price, and which was subsequently amended on June 3, 2022 to \$55,461,575;

**WHEREAS**, the Authority entered into a purchase and sale agreement to purchase the Property from the current owner of the Property (the "PSA") on January 28, 2022, for a purchase price of \$55,240,000, among other terms;

**WHEREAS**, the PSA has been amended by the mutual execution of addendums on four subsequent occasions, including a fourth addendum which increased the purchase price to \$55,461,575;

**WHEREAS**, the Authority now wishes to increase the purchase price of the Property up to \$56,000,000 and to make additional deposits of up to \$1,054,800 in accordance with a proposed fifth addendum to the PSA that will allow HACLA to extend the date of the close of escrow, which additional deposits will be non-refundable, released to the seller, and applicable to the purchase price;

**WHEREAS**, the Property is located wholly within the City; and

**WHEREAS**, the Authority, at the direction of the City, intends to assign its rights to the Property in escrow or transfer the Property through a grant deed shortly after closing to a qualified owner/operator formally selected by competitive bid by the City to own and operate

the Property site for the sole public purpose of providing deeply affordable housing under covenants recorded by the City.

**NOW, THEREFORE, BE IT RESOLVED**, that 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 authorizes and approves amending the PSA of the Property to increase the purchase price to up to \$56,000,000 and to increase the amount of deposits by up to \$1,054,800 during two proposed extension periods, provided that both such additional deposits shall be nonrefundable, released to the seller, and applicable to the purchase price.

**Section 3.** The President & CEO, or any one of the Designated Officers identified in Section 4 below, is authorized to execute an addendum or amendment to the PSA, together with any and all related documents, including but not limited to any amendment, modification, or change which may be required on any application, project report, standard agreement, or other document prepared by or submitted to HCD relative to the Property in connection with such actions, and any other documents or certificates related thereto with such changes as may be approved by legal counsel.

**Section 4.** 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 5. 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 25<sup>th</sup> day of August, 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**

### Property Acquisition Summary

# Acquisition Property Profile: 21121 Vanowen Street

BOC Meeting Date

1/27/2022



## PROPERTY LOCATION

This property is located at 21121 Vanowen Street, Los Angeles, CA 91303, in the Warner Center neighborhood. The property is located in City Council District 3 (CD 3). According to the 2020 Homeless Count Report, CD3 reported 704 individuals in need of shelter. The zip code area currently has a median household income of \$61,250.

## PROPERTY DESCRIPTION

21121 Vanowen is a 7 story, newly constructed multifamily property with 101 dwelling units, ground level commercial space, right-of-way improvements, and structured parking. The property is expected to receive a certificate of occupancy in March of 2022.

Assessor's Parcel Number:	2138-022-023
Land Area:	28,219 sq. ft.
Building Square Footage:	97,479 sq. ft.
Parking:	121 Parking Spaces; 140 Bike Spaces
Amenities:	3,777 s.f. retail space; rooftop deck; interior courtyard; theater; comm. room

## PROPERTY CONDITION

The property is newly constructed and has had no occupancy prior to acquisition.

## COMMUNITY AMENITIES

Type	Distance	Type	Distance
<b>Pharmacy</b>	0.47 mi.	<b>School</b>	0.17 mi.
CVS Pharmacy 6700 Topanga Canyon Blvd.		Hart Street Elementary School 21040 Hart St.	
<b>Transportation</b>	0.02 mi.	<b>Groceries</b>	0.47 mi.
LA Metro Bus Stop Vanowen/Variel		Target 6700 Topanga Canyon Blvd.	
<b>Health Facility</b>	0.49 mi.	<b>Park</b>	0.39 mi.
Northeast Valley Health Corp. 7107 Remmet Ave		Quimby Park 7008 De Soto Ave.	

## PROPERTY PICTURES



1. Property exterior along Vanowen Street



2. Ground level commercial/services space



3. Unit kitchen



4. Unit bathroom

## UNIT MIX

Unit Type	Number	Average Size (s.f.)
1BR	41 units	450
2BR	46 units	680
3BR	14 units	958
<b>Total</b>	<b>101 units</b>	<b>625</b>

## ZONING AND PERMITTING

Zone:	(WC)RIVER-SN-RIO
The property is also located in the Warner Center Specific Plan area.	
Building Permit received:	TBD
Certificate of Occupancy issued:	Anticipated March 2022