

TRANSMITTAL

To: **THE COUNCIL**

Date: **04/25/2025**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in black ink, appearing to read "Carolyn Webb de Macias". The signature is fluid and cursive, with a large loop at the end.

(Carolyn Webb de Macias for)

KAREN BASS

Mayor

Tiena Johnson Hall, General Manager
Tricia Keane, Executive Officer

LOS ANGELES HOUSING DEPARTMENT
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Karen Bass, Mayor

April 10, 2025

Council File: 23-0330
Council Districts: Citywide
Contact Persons: Hannah Levien: (213) 458-6068

Honorable Karen Bass
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
Los Angeles, CA 900122

Attention: Thomas Arechiga, Legislative Coordinator

COUNCIL TRANSMITTAL: LOS ANGELES HOUSING DEPARTMENT SELECTED PROJECTS UNDER THE PROHOUSING INCENTIVE STATE GRANT MICRO OPERATIONAL RESERVE REPLENISHMENT PILOT PROGRAM

SUMMARY

The General Manager of the Los Angeles Housing Department (LAHD or Department) respectfully requests that your office review and approve this transmittal and forward it to the City Council for further consideration. Through this transmittal, LAHD submits qualifying projects to receive awards under the State of California's Housing and Community Development Department's one-time Prohousing Incentive Program (PIP) Grant awarded to the Los Angeles Housing Department (LAHD), which LAHD is awarding as part of the pilot Micro Operational Reserve Replenishment Pilot Program.

RECOMMENDATIONS

- I. That the Mayor review this transmittal and forward to the City Council for further action;
- II. That the City Council, subject to the approval of the Mayor:
 - A. AUTHORIZE the General Manager of the Los Angeles Housing Department (LAHD), or designee, to award the projects listed in this transmittal for award amounts not to exceed \$15,560 per unit;
 - B. AUTHORIZE the General Manager of LAHD, or designee, subject to review and approval of the City Attorney as to form, to negotiate and execute grant agreements with the legal owner of each applicable project identified in Table 1, subject to the satisfaction of all conditions and criteria outlined in the approved Prohousing Incentive Program (PIP) Micro Operational Reserve Replenishment Pilot Program;

- C. AUTHORIZE the General Manager of LAHD, or designee, to obligate and disburse funds for the projects listed in Table 1 below, from account 43AD43 entitled “PIP Grant – Micro Operational Replenishment Reserve Pilot Program” within Fund No. 49N/43.
- D. AUTHORIZE the General Manger of LAHD, or designee, to prepare Controller Instructions and any necessary technical adjustments consistent with Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO), and instruct the Controller to implement the instructions.

PROJECT SELECTION PROCESS FOR: PROHOUSING INCENTIVE PROGRAM AWARDEES

The three awarded projects listed below appeared on both the Aging Permanent Supportive Housing (“PSH”) list provided through a survey conducted by Enterprise Community Partners, Inc. of over 2,000 units considered at-risk due to consistent operational deficits. Additionally, the projects appeared on the list of projects with 2024 capital needs assessments signifying that there are required capital improvements that would sustain the building for a longer period of time.

The projects below also met all the criteria established in the first transmittal which includes: a negative statement of operations and negative Net Operating Income (“NOI”) for two of the last three years, 15 years of service, a former winner of competitive LAHD financing, and at least 20 units of PSH within the project.

After staff incorporated those factors, staff engaged with the developer to understand their priorities and then evaluated the difference between the NOIs and Statement of Operations year over year to determine qualifying awardees.

These awards will have immediate stabilization impacts for the last three years of deficit and will help to balance the developers’ overall PSH portfolio, reduce the number of liability assets, and will allow them to use the savings to re-invest into the projects. The Department will return to Council for the next 5 years with the NOI and operating budgets for these projects to evaluate the level of stabilization for each project.

AWARDED PROJECTS

Below is a table that lists the awarded projects based on the criteria explained in C.F. No. 23-0330:

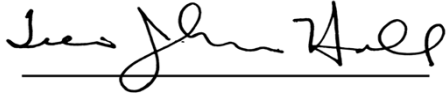
TABLE 1 – PROJECTS TO BE FUNDED THROUGH THE MICRO OPERATIONAL RESERVE REPLENISHMENT PILOT PROGRAM				
Project Name	Developer Name	Total # of PSH within Project	# PSH Units Benefitting From Award	Total Award Amount
The Parker Hotel	A Community Of Friends	33	33	\$513,480
Cornerstone Apartments	A Community Of Friends	36	15	\$222,744
The Ellis	SRO Housing Corporation	60	47	\$736,224

The PIP Grant Funds will be distributed as grants to the project owners, so that 100% percent of the PIP Grant Funds can be utilized to replenish reserves and cover operational costs.

FISCAL IMPACT

There is no impact to the General Fund.

Approved By:

A handwritten signature in black ink, appearing to read "Tiena Johnson Hall", written over a horizontal line.

TIENA JOHNSON HALL
General Manager
Los Angeles Housing Department