

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 19, 2021

CAO File No. 0220-05762-0010
Council File No. 20-0941
Council District: 2, 3, 6, and 13

To: The City Council

From: Richard H. Llewellyn, Jr., City Administrative Officer



Reference: State Homekey Program

Subject: **State CDBG-CV Notice of Funding Availability for Previously Approved Homekey Projects**

SUMMARY

The State of California Department of Housing and Community Development (HCD) announced the availability of approximately \$50 million in Community Development Block Grant Program (CDBG-CV) funding under the Coronavirus Aid, Relief, and Economic Security (CARES) Act on April 21, 2021, for 2020 Homekey awardees and applicants. These funds are available to local governments for projects applied for under the August 2020 State Homekey Notice of Funding Availability (NOFA), for rehabilitation and off-site infrastructure improvements necessary for acquired projects to become fully habitable and operational.

This report requests authority to apply for up to \$9.45 million in State CDBG-CV funds to rehabilitate one (1) City acquired property, and three (3) Housing Authority of the City of Los Angeles (HACLA) acquired properties. The application deadline is August 31, 2021, but the State will review and award applications in the order received.

RECOMMENDATIONS

That the City Council, subject to approval by the Mayor:

1. AUTHORIZE the City Administrative Officer in partnership with the Housing Authority of the City of Los Angeles, to apply to the State of California Homekey Notice of Funding Availability, with the City of Los Angeles as the lead applicant, for up to \$9.45 million for the rehabilitation/construction of the following properties:

CD	Project Name	Units	Project Address	Funding Request
2	Best Western NOHO	70	11135 W. Burbank Blvd.	\$3,450,000

3	Canoga Park Place – Super 8	52	7631 Topanga Canyon	\$2,500,000
6	Panorama Inn	51	8209 Sepulveda Blvd	\$2,500,000
13	Orchid Hotel	40	1753 Orchid	\$1,000,000
	Total	213		\$9,450,000

2. ADOPT the authorizing resolution attached to this report as required by the State of California Department of Housing and Community Development, in order to submit the funding application;
3. AUTHORIZE the City Administrative Officer, or designee, to execute the Standard Agreement and any and all subsequent amendments with the State of California;
4. AUTHORIZE the City Administrative Officer, or designee, to enter into Sub-Recipient Agreements with the followed entities in a form satisfactory with the State of California;

CD	Project Name	Sub-Recipient
2	Best Western NOHO	HACLA
3	Canoga Park Place – Super 8	Topanga Canyon Housing Partners, LP
6	Panorama	PHK Pano, LP
13	Orchid Hotel	1753 Orchid Partners, LP

5. DIRECT the City Administrative Officer to report on the outcome of the State funding application as well as final costs for all City acquired Homekey sites under the State August 2020 Homekey NOFA; and
6. AUTHORIZE the City Administrative Officer to prepare Controller instructions or make necessary technical adjustments, including to the names of the Special Fund accounts recommended for this report, to implement the intent of these transactions, and authorize the Controller to implement these instructions.

DISCUSSION

In August 2020, the Mayor and Council authorized the City Administrative Officer (CAO), with the Housing Authority of Los Angeles (HACLA) as the lead applicant, to apply for State Homekey funds for 15 motels/hotels. The City and HACLA received \$120.5 million in State matching funds to acquire the 15 properties. Five (5) of the sites were acquired by HACLA and 10 of the sites were acquired by the City and transferred to qualified owner/operators to serve as interim housing under the Homelessness Roadmap. The City received \$80.7 million for acquisition and \$8.6 million for

services in State matching funds. The City also acquired an additional five (5) motels/hotels without State matching funds for a total of 892 rooms, and three (3) commercial properties, two (2) of which will provide up to 320 interim beds, and one (1) that will convert as soon as possible to permanent supportive and affordable housing units.

As the State HCD's CDBG-CV funds are only available to units of local government, the City will be the lead applicant for these funds, and the Council must therefore adopt the attached resolution providing authorization for the funding application. This report recommends applying up to \$9.45 million for four (4) sites, based on the maximum amount we can apply for each site, \$50,000 per unit, excluding the manager's or office unit. In addition, only sites that received Homekey matching funds or applied for funds in August 2020 are eligible for these funds. The City is only applying for one (1) of the 10 sites that received Homekey funds, the Panorama Inn, because the other nine (9) motels/hotels' rehabilitation needs have been addressed, the life/fire safety and accessibility rehabilitation is underway, and most have initiated occupancy. The Panorama's rehabilitation needs have been estimated at \$4.5 million, which includes an upgraded electrical system. If the State funds are awarded, it would provide a \$2.5 million savings to the City's Homelessness Roadmap budget. The owner/operator for this site is LA Family Housing. The site will provide interim housing for up to five (5) years.

The HACLA properties include the rehabilitation and construction to convert these sites to permanent supportive and affordable housing. HACLA is in an ownership position on Best Western NOHO, Canoga Park Place, and The Orchid. HACLA is the sole owner of Best Western NOHO and through its own instrumentalities acts as Administrative General Partner of Topanga Canyon Housing Partners, LP and 1753 Orchid, LP. The proposed funding requests for these sites are outlined below.

CD	Project Name	Funding Request
2	Best Western NOHO	\$3,450,000
3	Canoga Park Place – Super 8	\$2,500,000
6	Panorama Inn	\$2,500,000
13	Orchid Hotel	\$1,000,000
	Total	\$9,450,000

As the lead applicant, the City, through this Office, will be responsible for executing and delivering the applications. If funding is awarded, the CAO would be authorized to execute the Standard Agreement and subsequent amendments with the State, and enter into Sub-Recipient Agreements with the following entities in a form satisfactory to the State, passing through all obligations and compliant with the Standard Agreement for the CDBG-CV funds obligated to each activity.

CD	Project Name	Sub-Recipient
2	Best Western NOHO	HACLA
3	Canoga Park Place – Super 8	Topanga Canyon Housing Partners, LP
6	Panorama	PHK Pano, LP
13	Orchid Hotel	1753 Orchid Partners, LP

Our goal is to apply for this funding as soon as the recommendations in this report are approved as the State funding will be awarded as applications are received through August 31, 2021.

FISCAL IMPACT

There is no impact to the General Fund as a result of the recommendations in this report.

FINANCIAL POLICIES STATEMENT

The recommendations in this report comply with the City Financial Policies.

Attachment:

Authorizing Resolution for Application for Funding and the Execution of Grant Agreements

RHL:YC

AUTHORIZING RESOLUTION

A RESOLUTION APPROVING FOUR APPLICATIONS FOR FUNDING FOR AND THE EXECUTION OF RELATED GRANT AGREEMENTS, ANY AMENDMENTS AND SUB-RECIPIENT AGREEMENTS THERETO FROM THE 2020 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM – CORONAVIRUS RESPONSE (CDBG-CV) AND/OR THE 2020-2021 FUNDING YEAR OF THE STATE CDBG PROGRAM

BE IT RESOLVED by the City Council of the City of Los Angeles as follows:

SECTION 1:

The City of Los Angeles has reviewed and hereby approves the submission to the State of California of four separate applications in the aggregate amount not to exceed, \$9,450,000 for (i) the following CDBG-CV activities, pursuant to the CDBG Method of Distribution as described in the State of California 2019-2020 Annual Action Plan August 2020 Second Substantial Amendment, and/or (ii) the following CDBG activities, pursuant to the CDBG Method of Distribution as described in the State of California 2020-2021 Annual Action Plan January 2021 Substantial Amendment:

List activities and amounts

Homeless Facilities- 03C (Best Western NOHO) \$3,450,000

Rehabilitation/Construction \$ 3,450,000

Homeless Facilities - 03C (Panorama) \$2,500,000

Rehabilitation/Construction \$ 2,500,000

Homeless Facilities -03C (Canoga Park Place – Super 8) \$2,500,000

Rehabilitation/Construction \$ 2,500,000

Homeless Facilities -03C (Orchid Hotel) \$1,000,000

Rehabilitation/Construction \$ 1,000,000

SECTION 2:

The City certifies that for purposes of allocation of Community Development Block Grant

funds, the City is an entitlement jurisdiction and has not received Community Development Block Grant funding from the State of California. The City of Los Angeles, therefore, does not have any related Program Income from the State that would be applied to or used for CDBG-CV activities and/or CDBG activities described in Section 1. Additionally, the City of Los Angeles regularly reprograms its own Program Income and confirms that such Program Income is not a source of funding available for the eligible activities proposed.

SECTION 3:

The City acknowledges compliance with all state and federal public participation requirements in the development of its applications and posted legal notice of a Public Hearing on May 14th, 19th and 26th of 2021 in the Los Angeles Daily News, a newspaper of general circulation as well as posting hard copy notices in Spanish and English at the subject properties. The public hearing was held at or shortly after 10:00am on May 27, 2021 at the City's Homeless and Poverty Committee Meeting.

SECTION 4:

The City hereby authorizes and directs the City Administrative Officer, or designee, to execute and deliver all applications and act on the City's behalf in all matters pertaining to all such applications.

SECTION 5:

If an application is approved, the City Administrative Officer, or designee, is authorized to enter into, execute and deliver the grant agreement (*i.e.*, Standard Agreement) and any and all subsequent amendments thereto with the State of California for the purposes of the grant.

SECTION 6:

If an application is approved, the City Administrative Officer, or designee, is authorized to sign and submit Funds Requests and all required reporting forms and other documentation, without limitation, including any covenant or regulatory agreement as may be required by the State of California from time to time in connection with the grant.

SECTION 7:

The City Administrative Officer and all other "Designated Officers" of the City of Los Angeles referred to herein are as follows:

<i>Name</i>	<i>Title</i>
Richard H. Llewellyn, Jr.	City Administrative Officer
Yolanda Chavez	Assistant City Administrative Officer

SECTION 8:

If awarded funding for the activities described in Section 1, the City of Los Angeles intends to enter into Sub-Recipient Agreements with the following entities in a form satisfactory to the State of California, passing through all obligations and compliant with the Standard Agreement for the CDBG-CV funds obligated to each activity.

<i>Project Name</i>	<i>Sub-Recipient</i>
NOHO Best Western	Housing Authority of the City of LA
Canoga Park Place (Super 8)	Topanga Canyon Housing Partners, LP
Panorama Motel	PHK Pano, LP
The Orchid	1753 Orchid Partners LP

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Los Angeles held on this ___ day of June 2021, by the following vote:

AYES: Enter # of votes
NAYES: Enter # of votes

ABSENT: Enter # of absences
ABSTAIN: Enter # of abstentions

STATE OF CALIFORNIA
City of Los Angeles

I, _____, City Clerk of the City of Los Angeles, State of California, hereby certify the above and foregoing to be a full, true and correct copy of a resolution adopted by said City Council on this _____ day of June, 2021.

By: _____
City Clerk's Signature

Print or Type Clerk's Name