

HOUSING AND HOMELESSNESS COMMITTEE REPORT and RESOLUTIONS relative to recommendations for the State of California Department of Housing and Community Development (HCD) Homekey Program Round 2 (Homekey 2); and related matters.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. NOTE and FILE the Los Angeles Housing Department (LAHD) report dated March 3, 2023, attached to Council file No. 21-0112-S1, relative to the HCD Homekey 2.
2. ADOPT the accompanying revised authorizing RESOLUTIONS attached to the City Administrative Officer (CAO) report dated March 10, 2023, attached to Council file No. 21-0112-S1, as required by the HCD, acknowledging the award of funds for the Homekey 2 projects and the selected owner/operator for each site.
3. APPROVE the use of up to \$50,000,000 in General Obligation Proposition HHH (Proposition HHH) bond proceeds in the Prop HHH Construction Fund No. 17G, to serve as a revolving loan for the HOME Investment Partnerships Program (HOME) – American Rescue Plan (ARP) Fund No. 65M, for a period from March 1, 2023 through June 30, 2023, to provide cash flow for the rehabilitation of approved Homekey 2 project sites. This loan will be repaid from the HOME-ARP Fund.
4. DIRECT the General Manager, LAHD, or designee, to ensure the Prop HHH revolving loan is fully repaid no later than July 31, 2023.
5. AUTHORIZE the General Manager, LAHD, or designee, to:
  - a. Draft and/or revise the draft Resolutions attached to the CAO report dated March 10, 2023, in order to incorporate any adjustments required by the HCD, prior to attestation or execution, subject to the approval of the City Attorney.
  - b. Work in consultation with the City Attorney to draft, negotiate, and execute loan documents (including promissory notes, deeds of trust, regulatory agreements and any necessary legal documents), for the acquisition, rehabilitation, and operational subsidy components of funding for each of the Homekey 2 sites with the sites' selected owner/operator, or their designated limited partnership or limited liability company affiliates, as listed in Attachment 2 contained in the CAO report dated March 10, 2023. The loans will be: 1) consistent with the terms outlined in the LAHD report dated March 2, 2023; 2) made for each project for a maximum loan amount listed in Attachment 2 contained in the CAO report dated March 10, 2023, from among the component funding sources listed in Attachment 3 contained in the CAO report dated March 10, 2023, as determined for each project by the LAHD in consultation with the CAO and 3) subject to the review and approval of the City Attorney as to form.
  - c. Increase, decrease and/or replace the funding sources allocated for each Homekey 2 project with the condition that the funding does not exceed the total Homekey allocation by funding source (Attachment 3 contained in the CAO report dated March 10, 2023) or the City Match amount of the projects.
  - d. Enter into any agreements necessary to approve the transfer of title and funds from the Housing Authority of the City of Los Angeles (HACLA) to each of the owners/operators, subject to the review and approval of the City Attorney as to form.
  - e. Prepare Controller instructions and any technical corrections as necessary to the transactions included in the CAO report dated March 10, 2023, including the creation of

special appropriation accounts or corrections to account names, to implement the intent of those transactions, subject to the approval of the CAO.

6. APPROVE the following four conditional waivers to the Prop HHH Permanent Supportive Housing Program Regulations drafted by the LAHD and approved by Council for the 2018-19 Call for Projects. The waivers would waive the following:
  - a. The per unit loan limit for non-tax credit supported units.
  - b. The requirement that Prop HHH loans cannot exceed 50 percent of the project's total development cost.
  - c. The requirement that 50 percent of the units must be designated for individuals experiencing chronic homelessness.
  - d. The cap of \$12 million in Prop HHH funding per project.
  
7. APPROVE an amendment to the terms of the \$15 million loan previously approved for HACLA in order to change the number of projects receiving Homekey 2 acquisition funds from four to three, and change the amount allocated for the remaining three projects. Funds are not to exceed the amounts outlined below for each project:

<u>No.</u>	<u>Project</u>	<u>CD</u>	<u>Units</u>	<u>Amount</u>
1	5050 Pico	10	79	\$5,525,000
2	10150 Hillhaven	7	34	3,850,000
3	1044 Soto	14	85	<u>5,625,000</u>
				Total: \$15,000,000

8. AUTHORIZE the Controller to establish and appropriate new appropriation accounts within the GOB Series 2022-A, Prop HHH Construction Fund No. 17G as follows:

<u>Fund</u>	<u>Account</u>	<u>Title</u>	<u>Amount</u>
17G	43WC39	Temple/Alvarado	\$13,100,000
17G	43WC44	2010 Highland	<u>9,400,000</u>
			Total: \$22,500,000

Fiscal Impact Statement: The CAO reports that the recommendations stated in this report will not have an additional impact to the General Fund. The actions described in this report will be supported by funding sources previously approved by the Mayor and Council for the Homekey 2 Program.

Financial Policies Statement: The CAO reports that the recommendations stated in this report comply with the City's Financial Policies in that one-time revenues will be used to support one-time expenditures.

Community Impact Statement: None submitted

SUMMARY

At the meeting held on March 15, 2023, your Housing and Homelessness Committee considered CAO and LAHD reports and Resolutions relative to recommendations for the HCD Homekey 2; and related matters.

After an opportunity for public comment was held, the Committee recommended to note and file the LAHD report and adopt the recommendations contained in the CAO report, as detailed above, as amended. This matter is now submitted to the Council for consideration.

Respectfully Submitted,



HOUSING AND HOMELESSNESS COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
RAMAN:	YES
BLUMENFIELD:	YES
HARRIS-DAWSON:	YES
RODRIGUEZ:	YES
LEE:	YES

LV 3.15.23

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**