

**REPORT FROM**

**OFFICE OF THE CITY ADMINISTRATIVE OFFICER**

---

---

Date: May 29, 2024

CAO File No. 0220-05762-0013  
Council File No. 20-0941  
Council District: 3

To: The City Council

From: *for* Matthew W. Szabo, City Administrative Officer 

Reference: C.F. 20-0941- State CDBG-CV Notice of Funding Availability for Homekey1

Subject: **STATE REQUEST FOR ADDITIONAL FUNDS FOR HOMEKEY1 CDBG-CV GRANTEE**

---

---

**RECOMMENDATIONS**

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

1. AUTHORIZE the City Administrative Officer, in partnership with the Housing Authority of City of Los Angeles, to apply to the State of California Department of Housing and Community Development for additional funds up to \$6,599,093 to fill documented unanticipated cost increases for the Homekey1 site Canoga Park Place (Super 8) that received \$2.5 million CDBG-CV award in June 2021;
2. ADOPT the attached authorizing resolution as required by the State of California Department of Housing and Community Development for the funding application;
3. AUTHORIZE the City Administrative Officer or designee, to execute the amendments to the Standard Agreements for awarded funding, and any and all subsequent amendments with the State of California;
4. AUTHORIZE the City Administrative Officer, or designee, to amend its Sub-Recipient Agreement with Topanga Canyon Housing Partners, LP regarding Canoga Park Place (Super 8); and,
5. AUTHORIZE the City Administrative Officer to prepare Controller instructions or make necessary technical corrections, to implement the intent of these transactions, and request the Controller to implement these instructions.

## SUMMARY

On June 2, 2021, the Mayor and Council authorized the City Administrative Officer (CAO), in partnership with the Housing Authority of the City of Los Angeles (HACLA), to apply to the State of California Department of Housing and Community Development (HCD) Notice of Funding Availability (NOFA) for Community Development Block Grant Program (CDBG-CV) under the Coronavirus Aid, Relief and Economic Security (CARES) Act for the rehabilitation and off-site infrastructure improvements for Homekey1 sites. The City was awarded \$9,450,000 for three (3) HACLA-owned sites and one (1) City-owned site: Best Western NoHo, Super 8 Canoga Park, Orchid, and Panorama (Pano).

On November 15, 2023, the State HCD announced the availability of a remaining balance of unclaimed CDBG-CV funds for grantees with projects that require additional construction funds. As a Homekey1 CDBG-CV grantee, the City may request up to a 25 percent increase to its previous award. On December 21, 2023, the Mayor and Council authorized the CAO to apply for \$1,737,500 for the three Homekey1 HACLA-owned sites.

On March 26, 2024, the State HCD advised that projects could amend their application to include a request for all funding gaps to be included, beyond the additional maximum 25 percent. Based on a review of the projects, 21-CDBG-HK-00021-Super 8 Canoga Park has a funding gap that may be eligible for additional State funding. The current estimated total development cost of the Super 8 Canoga project is \$9,724,093. In addition to the \$2.5 million in CDBG-CV funds previously awarded, the Super 8 Canoga project has drawn a construction loan in the amount of \$4,876,549, which must be repaid at the time of permanent financing. If the construction loan is unable to be repaid at the time of permanent financing, it must be replaced with a long-term loan. With the prior CDBG-CV award and the loan, the funding gap is \$2,347,544. According to the HCD, a revised funding application can be submitted should it be determined that the construction loan is an eligible expense. The requested authority of \$6,599,093 consists of the funding gap and the construction loan amount. The attached resolution amends the amount approved on December 21, 2023 for the 21-CDBG-HK-00021-Super 8 Canoga Park project to an amount not-to-exceed \$6,599,093 for an overall total commitment of \$17,786,593 for the four sites.

The two other HACLA sites, the Best Western NoHo and the Orchid, do not have additional cost increases and the City-owned site, the Pano, started its conversion process in December 2023, and has started to expend its initial \$2.5 million State CDBG-CV award.

The following table provides details for all four sites:

Property	Total Units	Eligible Units	Amount per Unit	Original Approved Amount	Additional Amount Approved (25%)	Current Request	Amended Standard Agreement Amount (Not-to-Exceed)
NoHo Apartments (Best Western NoHo)	70	69	\$ 50,000	\$ 3,450,000	\$ 862,500		\$ 4,312,500
Canoga Park Place (Super 8)	52	50	\$ 50,000	\$ 2,500,000	\$ 625,000	\$ 6,599,093	\$ 9,724,093
Orchid	41	40	\$ 25,000	\$ 1,000,000	\$ 250,000		\$ 1,250,000
Panorama (Pano)	51	50	\$ 50,000	\$ 2,500,000	N/A		\$ 2,500,000
<b>Total Amount Requested Not-to-Exceed</b>							<b>\$ 17,786,593</b>

### **FISCAL IMPACT STATEMENT**

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.

MWS:YC:VES:MC:02240164

Attachment: Authorizing Resolution

## AUTHORIZING RESOLUTION

### A RESOLUTION APPROVING AN AMENDMENT TO THE STANDARD AGREEMENT ISSUED UNDER THE 2020 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM CORONAVIRUS RESPONSE (CDBG-CV)

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 (State) of a Request for Additional Funds to fill gaps created by documented unanticipated cost increases. The funds would be added to its existing CDBG-CV Standard Agreement(s) with the State numbered 21-CDBG-HK-00020-Best Western NoHo, 21-CDBG-HK-00021-Super 8 Canoga Park, 21-CDGB-HK-00022-Orchid (the "Standard Agreement(s)") pursuant to the State's June 2020 CDBG-CV1 Notice of Funding Availability; December 2020 CDBG-CV2 and CV3 Notice of Funding Availability (NOFA); and/or the CDBG Method of Distribution as described in the State of California 2019-2020 Annual Action Plan August 2020 Second Substantial Amendment and the CDBG-CV Method of Distribution as described in the State of California 2019-2020 Annual Action Plan August 2020 Fifth Substantial Amendment.

On March 26, 2024, the State Department of Housing and Community Development advised that projects could amend their application to include a request for all funding gaps to be included, beyond the additional maximum 25 percent. The 21-CDBG-HK-00021-Super 8 Canoga Park project has an additional funding gap and a revised resolution granting authority for an additional \$6,599,093 is required. The City of Los Angeles, by this resolution, amends the amount approved on December 21, 2023 for the 21-CDBG-HK-00021-Super 8 Canoga Park project to an amount not-to-exceed \$6,599,093 for an overall total commitment of \$17,786,593 for City sites.

Based on a review of the projects, 21-CDBG-HK-00021-Super 8 Canoga Park has a funding gap that may be eligible for additional State funding. The current estimated total development cost of the Super 8 Canoga project is \$9,724,093. In addition to the \$2.5 million in CDBG-CV funds previously awarded, the Super 8 Canoga project has drawn a construction loan in the amount of \$4,876,549, which must be repaid at the time of permanent financing. If the construction loan is unable to be repaid at the time of permanent financing, it must be replaced with a long-term loan. With the prior CBDG-CV award and the loan, the funding gap is \$2,347,544. According to the State, a revised funding application can be submitted should it be determined that the construction loan is an eligible expense. The requested authority of \$6,599,093 consists of the funding gap and the construction loan amount.

**List of Activity Funding:**

Amount of new CDBG-CV funds to be added to Standard Agreement 21-CDBG-HK-00020-Best Western NoHo:

- CDBG Not to exceed: \$862,500
- Program Income: \$0
- Total: \$4,312,500

Amount of new CDBG-CV funds to be added to Standard Agreement 21-CDBG-HK-00021-Super 8 Canoga Park:

- CDBG Not to exceed \$6,599,093
- Program Income: \$0
- Total: \$9,724,093

Amount of new CDBG-CV funds to be added to Standard Agreement 21-CDBG-HK-00022-Orchid:

- CDBG Grant Not to exceed \$250,000
- Program Income: \$0
- Total: \$1,250,000

**SECTION 2:**

The City of Los Angeles acknowledges compliance with all state and federal public participation requirements with respect to the proposed amendments to the Standard Agreements described in Sections 1 above.

**SECTION 3:**

The City of Los Angeles hereby authorizes and directs the City Administrative Officer, or designee, to execute and deliver all application(s), "Request(s) for Additional Funds," and/or amendments to the Standard Agreement and act on the City's behalf in all matters pertaining to all such application(s), "Request(s) for Additional Funds," and/or amendments.

**SECTION 4:**

If an amendment to the Standard Agreement is approved as contemplated above, the City Administrative Officer, or designee, is authorized to enter into, execute, and deliver an amendment to the Standard Agreement and any and all other documentation which may be required by the State from time to time for the purposes of this grant.

**SECTION 5:**

If an amendment to the Standard Agreement is approved, the City Administrative Officer, or designee, is authorized to sign and submit Funds Requests and all required reporting

forms and other documentation as may be required by the State of California from time to time in connection with this grant.

**SECTION 6:**

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

\_\_\_\_\_  
Title

City Administrative Officer

Assistant City Administrative Officer

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Los Angeles held on this \_\_\_\_ day of \_\_\_\_\_ 2024, by the following vote:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSENT: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

**STATE OF CALIFORNIA**

City of Los Angeles

I, \_\_\_\_\_, City Clerk of the City of Los Angeles, State of California, hereby certify that the above and foregoing is a full, true, and correct copy of a resolution duly adopted by said City Council on this \_\_\_\_ day of \_\_\_\_\_, 2024; (ii) such resolution has not been amended, modified, repealed or rescinded since the date of its adoption; and (iii) such resolution remains in full force and effect.

By: \_\_\_\_\_  
City Clerk of the City of Los Angeles, State of California

\_\_\_\_\_  
Print Name and Title